Housing Authority of the City of Milwaukee

Financial Statements and
Supplementary Information

December 31, 2020

INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report

To the Board of Commissioners of the
Housing Authority of the City of Milwaukee

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Housing Authority of the City of Milwaukee,Wisconsin, as of and for the year ended December 31, 2020 and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Milwaukee's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Carver Park Tax Credit Limited Partnership, Highland Park Community, LLC, Cherry Court Development, LLC, Convent Hill, LLC, Scattered Sites, LLC, Scattered Sites II, LLC, Olga Village, LLC, Westlawn Renaissance, LLC, Lapham Park, LLC, Westlawn Renaissance II LLC and Subsidiaries, Holton Terrace LLC, Becher Court LLC, Westlawn Renaissance III LLC and Merrill Park LLC which represent 100 percent of the assets, net position and revenues of the discretely presented component units of the Housing Authority of the City of Milwaukee. Those statements were audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included for Carver Park Tax Credit Limited Partnership, Highland Park Community, LLC, Cherry Court Development, LLC, Convent Hill, LLC, Scattered Sites, LLC, Scattered Sites II, LLC, Olga Village, LLC, Westlawn Renaissance, LLC, Lapham Park, LLC, Westlawn Renaissance II LLC and Subsidiaries, Holton Terrace LLC, Becher Court LLC, Westlawn Renaissance III LLC and Merrill Park LLC, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Carver Park Tax Credit Limited Partnership, Highland Park Community, LLC, Cherry Court Development, LLC, Convent Hill, LLC, Scattered Sites, LLC, Scattered Sites II, LLC, Olga Village, LLC, Westlawn Renaissance, LLC, Lapham Park, LLC, Westlawn Renaissance II LLC and Subsidiaries, Holton Terrace LLC, Becher Court LLC, Westlawn Renaissance III LLC and Merrill Park LLC were not audited in accordance with *Government Auditing Standards.*

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

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

Opinions

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

Emphasis of Matter

As discussed in Note 2 to the financial statements, net position as of December 31, 2019 has been restated to correct a material misstatement. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the City of Milwaukee's basic financial statements. The supplementary information, as listed in the table of contents, which includes the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Guidance Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the basic financial statements. 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 supplementary information, which includes the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200,*Uniform Guidance Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the City of Milwaukee's basic financial statements. The PHA's statement and certification of actual modernization costs, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2022 on our consideration of the Housing Authority of the City of Milwaukee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Housing Authority of the City of Milwaukee'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 Housing Authority of the City of Milwaukee's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Milwaukee, Wisconsin
March 30, 2022

MANAGEMENT DISCUSSION AND ANALYSIS

HOUSING AUTHORITY OF THE CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended December 31, 2020

The management's discussion and analysis hereby presented, is designed to offer the reader a narrative overview and analysis of the financial activities of the Housing Authority of the City of Milwaukee (the Authority) for year ended December 31, 2020. This discussion and analysis is designed to assist the reader in focusing on significant fiscal issues and to identify changes in the Authority's Primary Government financial position.

Financial Statement Overview

The financial statements include the primary government and the Authority's component units. The financial statements are prepared on the accrual basis of accounting meaning that all expenses are recorded when incurred and all revenues are recognized when earned in accordance with accounting principles generally accepted in the United States of America.

Statement of Net Position

The statement of net position is similar to a balance sheet in corporate accounting. The statement of net position reports all financial and capital resources for the Authority. The statement is presented in the format where assets and deferred outflows of resources minus liabilities and deferred inflows of resources, equals net position. Assets and liabilities are presented in order of liquidity, and are classified as current (convertible into cash within one year), and non-current. The focus of the statement of net position is to show a picture of the liquidity and health of the organization as of the end of the year.

The statement of net position (the unrestricted net position) is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net position is reported in three broad categories:

- Net Investment in Capital Assets – this component of net position consists of all capital assets, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position – this component of net position consists of restricted assets where constraints are placed upon the assets by creditors (such as debt covenants), grantors, contributors, laws, and regulations, etc.
- Unrestricted net position – consists of net position that do not meet the definition of net position invested in capital assets, net of related debt, or restricted net position.

Statement of Revenues, Expenses and Change in Net Position

The statement of revenues, expenses, and change in net position is similar to an income statement of private corporations. This statement includes operating revenues, such as rental income and operating grants, operating expenses, such as administrative, utilities, maintenance, and depreciation; and non-operating revenue and expenses, such as grant revenue, investment income, and interest expense. The focus of the statement of revenues, expenses, and changes in net position is the change in net position. This is similar to net income or loss and portrays the results of operations of the organization for the entire operating period.

Statement of Cash Flows

The statement of cash flows discloses net cash provided by, or used for operating activities, investing activities, non-capital financing activities, and from capital and related financing activities. This statement also portrays the health of the Authority in that current cash flows are sufficient to pay current liabilities.

FINANCIAL ANALYSIS

Statement of Net Position

The following table reflects a condensed summary of net position (in thousands) as of December 31, 2020 and 2019:

Cash and Investments	$ 20,790	$ 29,161
Receivables	14,601	12,021
Prepaids expenses	2,415	418
Total Current Assets	37,806	41,600
Capital assets, net of depreciation	104,009	121,274
Investments with fiscal agent	2,554	3,724
Notes receivable from Component Units	123,104	94,049
Other assets	677	730
Total Assets	268,150	261,377
Deferred Outflows of Resources		
Deferred outflows related to pensions & OPEB	6,701	7,970
Liabilities		
Current liabilities	20,153	34,780
Long-term debt	36,307	37,271
Total Liabilities	56,460	72,051
Deferred Inflows of Resources	4,376	2,771
Net Position		
Net Investment in Capital Assets	69,348	74,765
Restricted	4,496	6,005
Unrestricted	140,172	113,756
Total Net Position	$ 214,016	$ 194,526

Financial Analysis for the Year Ended December 31, 2020 & 2019

In 2020, current assets decreased approximately $3.8 million. Cash and investments decreased by $8.3 million while Receivables increased by $2.1 million and Prepaid Expenses increased by $1.9 million. Liabilities showed a decrease due to HACM providing some of the construction financing for the Westlawn Renaissance IV, LLC, Westlawn Renaissance V, LLC and Westlawn Renaissance VI, LLC.

In 2019, current assets increased approximately $12.4 million. Cash and investments increased by $12.6 million while Receivables increased by $1.6 million and Prepaid Expenses decreased by $1.7 million. Liabilities showed an increase due HACM providing some of the construction financing for the Westlawn Renaissance III, LLC and Westlawn Renaissance VI, LLC.

Capital Assets

At year-end, the Housing Authority of the City of Milwaukee had over $322 million invested in capital assets as reflected in the following schedule. See Note 2 for additional information on the Authority's capital assets.

	2020	2019
Land	$ 34,568,635	$ 35,191,458
Buildings	260,215,740	265,807,027
Furniture, Equipment-Administration	3,305,209	3,415,082
Construction in Progress	24,172,695	34,753,809
Accumulated Depreciation	(218,253,504)	(217,893,364)
Total	$ 104,008,775	$ 121,274,012

This year's major additions were:

Parklawn and the Parklawn YMCA Site Improvements	$ 82,559
Travaux buildout	$ 34,573
Riverview Rooftop HVAC Unit	$ 21,507
Construction costs for Westlawn Renaissance IV, LLC and Westlawn Renaissance V and VI, LLC, also site infrastructure costs included in Construction In Progress	$ 8,878,531

Long-Term Debt Obligations

The Authority entered into a trust indenture with the First Bank Trust Company regarding $25,000,000 Single Family Mortgage Revenue Bonds (GNMA collateralized home mortgage revenue bond program) Series 1989 on June 1, 1989. The terms of the indenture are similar to the terms of the 1987 Mortgage Revenue Bonds.

In 2015 the Authority issued Multifamily Housing Revenue Bonds Series 2015A in the amount of $13,635,000 to refund all outstanding Refunded Bonds (Series 2002), finance certain costs of renovation and improvements for the Authority's Berryland, Northlawn, Southlawn and Southlawn Park Housing Developments, fund the replacement reserve deposit and pay the costs of issuance of the Series 2015A and the refunding of the Refunded Bonds. The replacement reserve is required to be funded with monthly deposits of $24,500.

Also in 2015 the Authority issued Series 2015B bonds in the amount of $5,410,000 to finance construction of affordable and market-rate housing in the City and pay the costs of issuance of the Series 2015B bonds.

See Note 2 for additional information on the Authority's long-term obligations.

Mortgage Revenue Bonds	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/2020
Mortgage revenue bonds	6/1/1989	12/1/2022	Varies	$ 25,000,000	$ 30,593
Mortgage revenue bonds 2015A	3/2/2015	7/1/2035	3.00%	13,635,000	12,735,000
Mortgage revenue bonds 2015B	3/2/2015	7/1/2025	0.688%	5,410,000	2,605,000
					$ 15,370,593

Statement of Revenue, Expenses, and Changes in Net Position

The following schedule compares the revenues and expenses (in thousands) for the current and previous fiscal year:

	2020	**2019 (as restated)**
Revenues:		
Tenant revenue	$ 15,736	$ 16,730
Operating subsidies and grants	47,354	49,542
Capital contributions	8,279	16,881
Investment income	2,506	2,071
Other revenue	10,671	6,513
Gain/(Loss) on disposal of assets	10,455	1,377
Total revenue	95,001	93,114
Expenses:		
Housing assistance payments	33,615	34,395
Administrative and general expenses	22,112	20,539
Utilities	4,369	4,594
Maintenance	9,364	11,117
Depreciation	4,927	5,023
Interest and amortization expense	593	750
Loss on conversion of receivables to equity	-	5,970
Loss from investment in partnership	532	447
Total expense	75,512	82,835
Increase in net position	$ 19,489	$ 10,279

Financial Analysis for Year Ended December 31, 2020

In 2020, the Housing Authority had an overall increase in net position of $19.5 million, compared to an increase in net position of about $10.3 million in 2019.

Revenues increased by about $1.9 million in 2020. While overall expenses decreased $7.3 million.

In 2020, the Housing Authority experienced a decrease in total expenses of about $7.3 million. Housing Assistance Payments decreased about $780,000 as we continue our efforts to increase lease ups in the Housing Choice Voucher Program. Administrative and general expenses increased about 7.6% or $1.5 million. Maintenance costs were down by $1.7 million.

Factors Affecting the Financial Health of the Authority

- **Federal funding from the U.S. Department of Housing and Urban Development**
  The Authority relies on HUD Operating Fund subsidy, Capital funds and special grant programs including Resident Opportunities and Self-Sufficiency (ROSS) grants to support its public housing operations. HUD funding for operating subsidy and Capital Fund is anticipated at less than full eligibility, however this is offset by higher than usual funding levels based on federal appropriations. While HACM developed its budget anticipating these funding allocations, unanticipated increases in operating costs including utility and water expense, and pension cost contributions could result in the need to adjust program services.

  HACM also receives significant funding from HUD under the Section 8 Housing Choice Voucher program. HACM administers about 7,333 vouchers. Administrative fee funding for 2020 was 80% and future funding level is projected at around 85%. The less than 100% funding impacts the ability of HACM to fully lease up to the authorized program level and could result in adjustments in services.

  To address the risk of funding instability, HACM is participating in the Rental Assistance Demonstration (RAD) Program of HUD. As of December 2020 HACM has already converted 1,068 public housing units into RAD. HACM will continue to evaluate the viability of conversion for the rest of the HACM public housing portfolio.

- **COVID -19**
  Similar to any organizations, the operations of HACM has been severely disrupted by the pandemic. Operational efficiencies and productivity dropped as we continue to adjust organizational structure and process to adapt to the new normal. Occupancy and Lease up rates, unit turn overs and rent collections have taken a significant hit especially towards the end of 2020 and continuing. Labor and material cost increases impacted ongoing construction projects. HACM continues to adjust its operations to mitigate the impacts of the COVID situation.

- **Local Labor Issues**
  Wage rates increased modestly in 2020, but fringe benefit costs, especially health insurance, continue to increase. HACM will continue to evaluate existing policies impacting employee benefits, to control long-term costs.

- **Local Economic Conditions**
  Despite improvement in the local economy and employment rate, the housing market that HACM is targeting has not fully recovered. HACM is now focusing their efforts on assisting residents in preparing them for homeownership as part of the HACM's self-sufficiency program. Rising construction costs have also had a negative impact on HACM's development program of new, single family, market rate homes, including rehabilitation of existing units

- **Utility Rates and Supply Costs**
  Utility costs continue to increase despite significant investment in energy efficient modernization. Rates have increased moderately and consumption has been reduced.

Factors Affecting the Financial Health of the Authority (continued)

- **Quality of Available Housing**
  HACM has continued to make significant investments in the redevelopment of its public housing portfolio. HACM has received more than $120 million in HUD HOPE VI grants to redevelop Hillside Terrace, Parklawn, Lapham Park, Townhomes at Carver Park, Highland Gardens, Highland Homes and Scattered Sites public housing. In addition, HACM received Low Income Housing Tax Credits (LIHTC) allocations to redevelop the Cherry Court elderly/disabled housing development and completed the $20 million mixed-finance redevelopment of the Convent Hill development. An additional $8 million tax credit allocation also allowed HACM to replace 24 obsolete scattered sites units with new energy efficient single-family homes. HACM also received a $10.4 million HUD formula grant under the American Recovery and Reinvestment Act (ARRA) which funded capital improvements at all of HACM's highrise public housing developments and a $7.9 million competitive ARRA grant which funded accessibility improvements at the 200-unit Lapham Park development for seniors

  ARRA funds and LIHTC funding were also used to construct a 37-unit midrise at Olga Village. The Housing Authority was fortunate to receive over $8 million of LIHTC in 2010 to support the redevelopment of Westlawn and new construction at Olga Village. This award of tax credits was extremely unusual and related to approximately $30 million of disaster credits that the Wisconsin Economic Development Authority (WHEDA) received in 2010. These disaster credits are no longer available to WHEDA, so there will be fewer tax credit dollars to award to eligible projects in the future.

  HACM will continue to incorporate "green" technology and universal design within all redevelopment projects.

  In 2010, HACM received a $7.6 million LIHTC allocation to redevelop the eastern half of Westlawn. The funding allowed HACM to build 250 rental units after the demolition of the 332 old public housing units. In September 2015, HACM was awarded a $30 million Choice Neighborhood Implementation grant by Housing and Urban Development. This neighborhood transformation initiative will leverage around $250 million in investment in the area. HACM will continue to redevelop the east and west portion of the Westlawn development by constructing new mixed income housing units. HACM expects to build 708 units of mixed income housing once the project is completed. The Housing Phase reconstruction is in multiple phases with construction start of the last phase planned in 2023.

  In 2020, HACM had already completed construction of 184 affordable units in the development representing the first three (3 phases of the housing development plan for a total development cost of around $59mm. HACM also started construction of the 3rd and 4th phases, for 198 units with a total development cost of $68.5 million. HACM received 9% and 4% LIHTC allocation and obtained construction loan to finance the development of this project.

The quality and cost of housing in the private market directly impacts HACM's Section 8 Housing Choice Voucher program. Rental rates have largely been stable, however, the availability of large units remains limited.

Factors Affecting the Financial Health of the Authority *(continued)*

- **Continued Capital Improvement**
  HACM continues to implement its 5-year Capital Fund modernization plan supported by a comprehensive Physical Needs Assessment that was completed in 2014. Addressing the capital needs of HACM's aging portfolio, however, is largely dependent on the availability of Capital Fund Grants from the federal government. HACM continues to rely on Low Income Housing Tax Credit to address deferred capital needs and will evaluate viability of reposition of its real estate assets through the RAD program and HUD various disposition programs.

- **Agency Performance**
  HACM is a "Sub-Standard Performer" under HUD's Public Housing Assessment System (PHAS), and a "High Performer" under the Section Eight (8) Management Assessment Program (SEMAP).

Financial Contact

The individual to be contacted regarding this report is Rick Koffarnus, Finance Director, of the Housing Authority of the City of Milwaukee at 414-286-5872. Specific requests may be submitted to Fernando Aniban, Chief Financial Officer or Willie Hines, Jr., Secretary-Executive Director, Housing Authority of the City of Milwaukee, 809 North Broadway, Milwaukee, Wisconsin 53202.

BASIC FINANCIAL STATEMENTS

Housing Authority of the City of Milwaukee

Statement of Net Position
December 31, 2020

	Primary Government	Component Units	Total
Assets			
Current assets:			
Cash and investments:			
Unrestricted	$ 13,214,946	$ 5,966,035	$ 19,180,981
Restricted, other	6,462,034	-	6,462,034
Restricted, tenant security deposits	1,113,282	629,833	1,743,115
Receivables:			
HUD other projects	1,606,973	-	1,606,973
Tenants, dwelling rents	1,125,328	1,360,686	2,486,014
Allowance for doubtful accounts, dwelling rents	(146,561)	-	(146,561)
Cash advance	-	54,304	54,304
Miscellaneous	5,131,810	-	5,131,810
Other miscellaneous from component units	5,503,245	-	5,503,245
Current portion of notes receivable from Westlawn Renaissance II	1,376,179	-	1,376,179
Current portion of notes receivable from Highland Park	2,296	-	2,296
Accrued interest	1,289	-	1,289
Prepaid items	2,415,271	683,946	3,099,217
Total current assets	37,806,092	8,694,804	46,500,896
Noncurrent assets:			
Restricted assets:			
Investments with fiscal agent	2,554,384	-	2,554,384
Other investments:			
Replacement reserve	-	4,399,336	4,399,336
Affordability and operating reserve	-	3,008,672	3,008,672
Construction cash	-	1,779,075	1,779,075
Mortgage escrow deposits	-	45,074	45,074
Capital needs reserve	-	406,596	406,596
Deferred mortgage receivable	677,025	-	677,025
Capital assets:			
Land	34,568,636	8,457,009	43,025,645
Construction in progress	24,172,695	6,197,327	30,370,022
Other capital assets, net of accumulated depreciation	45,267,445	199,386,425	244,653,870
Other assets:			
Long-term interest receivable	14,341,434	-	14,341,434
Developer fee receivable	9,185,427	-	9,185,427
Investment in Carver Park	6,741,771	-	6,741,771
Notes receivable from Highland Park	2,103,274	-	2,103,274
Notes receivable from Cherry Court	8,687,203	-	8,687,203
Notes receivable from Convent Hill	6,875,874	-	6,875,874
Notes receivable from Scattered Sites	2,318,300	-	2,318,300
Notes receivable from Scattered Sites II	1,107,578	-	1,107,578
Notes receivable from Olga Village	2,363,334	-	2,363,334
Notes receivable from Westlawn Renaissance	9,260,761	-	9,260,761
Notes receivable from Lapham Park	19,535,097	-	19,535,097
Notes receivable from Westlawn Renaissance II	11,655,174	-	11,655,174
Notes receivable from Holton Terrace	5,160,000	-	5,160,000
Notes receivable from Becher Court	3,973,000	-	3,973,000
Notes receivable from Westlawn Renaissance III	14,023,208	-	14,023,208
Notes receivable from Merrill Park	3,690,000	-	3,690,000
RAD notes receivable	2,082,715	-	2,082,715
Tax credit fees, net	-	703,483	703,483
Financing fees, net	-	34,731	34,731
Total noncurrent assets	230,344,335	224,417,728	454,762,063
Total assets	268,150,427	233,112,532	501,262,959
Deferred Outflows of Resources			
Deferred outflows related to OPEB	2,831,637	-	2,831,637
Deferred outflows related to pensions	3,869,798	-	3,869,798
Total deferred outflows	6,701,435	-	6,701,435

See notes to financial statements

Statement of Net Position
December 31, 2020

	Primary Government	Component Units	Total
Liabilities			
Current liabilities:			
Accounts payable	$ 8,797,901	$ 1,305,497	$ 10,103,398
Accounts payable due to primary government	-	455,927	455,927
Construction payable	-	424,725	424,725
Construction payable due to primary government	-	5,047,318	5,047,318
Accrued wages and benefits	517,481	-	517,481
Other current liabilities	4,952,879	2,319,125	7,272,004
Accrued interest	274,854	357,920	632,774
Unearned revenue	1,210,126	294,990	1,505,116
Due to other governments	1,103,879	-	1,103,879
Due to City of Milwaukee	1,150,994	-	1,150,994
Current portion of bonds and notes payable	790,000	18,713,243	19,503,243
Current portion of compensated absences	241,494	-	241,494
Current portion of notes and land lease payable to primary government	-	1,378,475	1,378,475
Liabilities payable from restricted assets:			
Tenant security deposits	1,113,282	629,833	1,743,115
Total current liabilities	20,152,890	30,927,053	51,079,943
Noncurrent liabilities:			
Development fee payable	-	9,185,427	9,185,427
Accrued interest	-	14,341,434	14,341,434
RAD notes payable	-	1,656,835	1,656,835
Long-term debt:			
Mortgage revenue bonds payable	14,671,799	-	14,671,799
Notes payable	-	8,139,218	8,139,218
Other liabilities:			
Compensated absences	563,487	-	563,487
Total OPEB liability	13,061,590	-	13,061,590
Net pension liability	8,010,000	-	8,010,000
Notes and land lease payable to primary government	-	90,732,657	90,732,657
Total noncurrent liabilities	36,306,876	124,055,571	160,362,447
Total liabilities	56,459,766	154,982,624	211,442,390
Deferred Inflows of Resources			
Deferred inflows related to OPEB	1,563,241	-	1,563,241
Deferred inflows related to pensions	2,813,000	-	2,813,000
Total deferred inflows	4,376,241	-	4,376,241
Net Position			
Net investment in capital assets	69,347,807	85,891,741	155,239,548
Restricted:			
Debt service	39,697	-	39,697
Replacement reserve	2,664,127	-	2,664,127
Home ownership program	1,399,197	-	1,399,197
Housing choice voucher program	392,919	-	392,919
Unrestricted (deficit)	140,172,108	(7,761,833)	132,410,275
Total net position	$ 214,015,855	$ 78,129,908	$ 292,145,763

See notes to financial statements

Housing Authority of the City of Milwaukee

Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2020

	Primary Government	Component Units	Total
Operating Revenues			
Tenant revenue:			
Rentals	$ 15,539,291	$ 10,531,673	$ 26,070,964
Other tenant revenue	195,849	260,021	455,870
HUD PHA grant revenue	47,354,335	-	47,354,335
Other operating revenue	10,670,904	11,989	10,682,893
Total operating revenues	73,760,379	10,803,683	84,564,062
Operating Expenses			
Administrative	16,276,298	3,483,266	19,759,564
Tenant services	1,644,292	-	1,644,292
Utilities	4,368,613	1,837,339	6,205,952
Ordinary maintenance	8,725,328	3,717,618	12,442,946
Extraordinary maintenance	638,911	-	638,911
Protective services	80,128	-	80,128
Insurance premiums	1,537,606	-	1,537,606
Other general expenses	1,351,104	-	1,351,104
Casualty loss, non-capitalized	241,715	-	241,715
Payments in lieu of taxes	979,655	-	979,655
Housing assistance payments	33,615,142	-	33,615,142
Depreciation and amortization	4,926,939	7,533,894	12,460,833
Total operating expenses	74,385,731	16,572,117	90,957,848
Operating loss	(625,352)	(5,768,434)	(6,393,786)
Nonoperating Revenues (Expenses)			
Syndication costs	-	(128,823)	(128,823)
Investment income	2,505,903	20,490	2,526,393
Net loss from investment in partnership	(532,542)	-	(532,542)
Gain (loss) on disposal of capital assets	10,455,287	-	10,455,287
Interest expense	(593,374)	(3,301,677)	(3,895,051)
Total nonoperating revenues (expenses)	11,835,274	(3,410,010)	8,425,264
Income (loss) before owner distributions and capital contributions	11,209,922	(9,178,444)	2,031,478
Capital Contributions	8,279,377	3,588,592	11,867,969
Change in net position	19,489,299	(5,589,852)	13,899,447
Net Position, Beginning (as Restated)	194,526,556	83,719,760	278,246,316
Net Position, Ending	$ 214,015,855	$ 78,129,908	$ 292,145,763

See notes to financial statements

Statement of Cash Flows
Year Ended December 31, 2020

	Primary Government	Component Units	Total
Cash Flows From Operating Activities			
Receipts from tenants	$ 15,289,244	$ 9,822,908	$ 25,112,152
Receipts of HUD PHA grants	48,854,065	-	48,854,065
Payments to suppliers	(13,805,116)	(8,269,326)	(22,074,442)
Payments for housing assistance	(33,615,142)	-	(33,615,142)
Payments to employees	(16,732,313)	-	(16,732,313)
Other receipts	3,806,302	272,010	4,078,312
Net cash flows from operating activities	3,797,040	1,825,592	5,622,632
Cash Flows For Noncapital Related Financing Activities			
Financing of deferred mortgages	53,418	-	53,418
Net cash flows from noncapital related financing activities	53,418	-	53,418
Cash Flows From Capital and Related Financing Activities			
Federal grants for capital acquisition	8,279,377	-	8,279,377
Syndication costs	-	(128,823)	(128,823)
Acquisitions and modernization of capital assets	(760,604)	(22,058,751)	(22,819,355)
Proceeds from mortgage notes payable	-	20,725,696	20,725,696
Principal paid on mortgage revenue bonds	(775,327)	(1,817,663)	(2,592,990)
Payment on cash advance	-	(54,304)	(54,304)
Interest paid on long-term obligations	(604,880)	(327,473)	(932,353)
Subscription receipts	-	3,607,256	3,607,256
Payments from (to) component units or other entities related to component units for capital acquisition	(19,668,910)	-	(19,668,910)
Net cash flows from capital and related financing activities	(13,530,344)	(54,062)	(13,584,406)
Cash Flows From Investing Activities			
Net (deposits to) withdrawals from replacement reserves	-	(225,681)	(225,681)
Net (deposits to) withdrawals from affordability reserves	-	(27,608)	(27,608)
Net (deposits to) withdrawals from operating reserves	-	(141,774)	(141,774)
Net (deposits to) withdrawals from construction cash	-	(1,631,028)	(1,631,028)
Sale of investments	1,169,374	-	1,169,374
Investment income	140,230	20,490	160,720
Net cash flows from investing activities	1,309,604	(2,005,601)	(695,997)
Net change in cash and cash equivalents	(8,370,282)	(234,071)	(8,604,353)
Cash and Cash Equivalents, Beginning	29,160,544	6,829,939	35,990,483
Cash and Cash Equivalents, Ending	$ 20,790,262	$ 6,595,868	$ 27,386,130

See notes to financial statements

	Primary Government	Component Units	Total
Reconciliation of Operating Loss to Net Cash Flows From Operating Activities			
Operating loss	$ (625,352)	$ (5,768,434)	$ (6,393,786)
Adjustments to reconcile operating loss to net cash flows from operating activities:			
Depreciation	4,926,939	7,533,894	12,460,833
Amortization of financing fees	-	(248,100)	(248,100)
Changes in assets, deferred outflows, liabilities and deferred inflows:			
Tenant accounts receivable	(453,016)	(945,890)	(1,398,906)
Other accounts receivable	(1,473,983)	-	(1,473,983)
Development fees receivable	(5,101,015)	-	(5,101,015)
Prepaid expenses	(1,997,317)	(387,699)	(2,385,016)
Accounts payable	1,886,601	1,083,490	2,970,091
Due to city	1,150,994	-	1,150,994
Other current liabilities	2,141,754	-	2,141,754
Accrued liabilities	(187,622)	321,206	133,584
Compensated absences	(120,984)	-	(120,984)
Tenant security deposits	7,120	95,063	102,183
Due to other governments	(319,844)	-	(319,844)
Pension liability and related deferrals	2,084,229	-	2,084,229
Unearned revenue	1,210,126	142,062	1,352,188
Total OPEB obligation and related deferrals	668,410	-	668,410
Net cash flows from operating activities	$ 3,797,040	$ 1,825,592	$ 5,622,632
Reconciliation of Cash and Cash Equivalents to Statement of Net Position			
Unrestricted	$ 13,214,946	$ 5,966,035	$ 19,180,981
Restricted, other	6,462,034	-	6,462,034
Restricted, tenant security deposits	1,113,282	629,833	1,743,115
Total cash and cash equivalents	$ 20,790,262	$ 6,595,868	$ 27,386,130

See notes to financial statements

Housing Authority of the City of Milwaukee

Combining Statement of Net Position - Component Units
December 31, 2020

	Carver Park	Highland Park	Cherry Court	Convent Hill	Scattered Sites	Scattered Sites II	Olga Village	Westlawn Renaissance	Lapham Park
Assets									
Current assets:									
Cash and investments:									
Unrestricted	$ 263,440	$ 22,369	$ 5,492	$ 152,079	$ 10,858	$ 189,693	$ 23,480	$ 266,337	$ 1,468,246
Restricted, tenant security deposits	58,582	44,632	48,582	34,075	11,017	14,090	10,700	148,044	77,480
Receivables:									
Tenants, dwelling rents	234,392	50,241	97,057	16,832	18,693	26,473	34,712	382,449	69,630
Cash advance	-	-	-	-	54,304	-	-	-	-
Prepaid items	25,676	23,991	32,159	-	4,688	6,207	19,645	57,498	66,301
Total current assets	582,090	141,233	183,290	202,986	99,560	236,463	88,537	854,328	1,681,657
Noncurrent assets:									
Restricted assets:									
Other investments:									
Replacement reserve	165,741	936,372	540,926	226,494	287,576	307,274	304,041	1,086,596	447,118
Affordability and operating reserve	428,174	334,306	404,685	238,952	76,988	75,777	205,660	607,835	636,295
Construction cash	-	-	-	-	-	-	-	-	-
Mortgage escrow deposits	-	-	-	-	-	-	-	-	-
Capital needs reserve	-	-	-	-	-	-	-	-	-
Capital assets:									
Land	772,096	142,500	1,012,646	745,168	203,111	136,671	573,017	2,637,572	836,946
Construction in process	-	-	-	-	-	-	-	-	-
Other capital assets, net of accumulated depreciation	5,157,519	5,811,144	10,929,431	7,484,083	3,928,772	4,779,882	9,223,494	55,837,784	24,413,775
Other assets:									
Tax credit fees, net	-	-	5,852	12,083	5,150	-	-	298,958	30,073
Financing fees, net	-	-	-	-	-	-	-	-	-
Total noncurrent assets	6,523,530	7,224,322	12,893,540	8,706,780	4,501,597	5,299,604	10,306,212	60,468,745	26,364,207
Total assets	$ 7,105,620	$ 7,365,555	$ 13,076,830	$ 8,909,766	$ 4,601,157	$ 5,536,067	$ 10,394,749	$ 61,323,073	$ 28,045,864

See notes to financial statements

Housing Authority of the City of Milwaukee

Combining Statement of Net Position - Component Units
December 31, 2020

	Westlawn Renaissance II	Holton Terrace	Becher Court	Westlawn Renaissance III	Merrill Park	Total
Assets						
Current assets:						
Cash and investments:						
Unrestricted	$ 346,925	$ 383,164	$ 229,067	$ 2,024,584	$ 580,301	$ 5,966,035
Restricted, Tenant security deposits	54,573	19,960	21,337	61,586	25,175	629,833
Receivables:						
Tenants, dwelling rents	77,599	177,001	43,585	16,296	115,726	1,360,686
Cash advance	-	-	-	-	-	54,304
Prepaid items	18,285	13,800	380,163	4,122	31,411	683,946
Total current assets	497,382	593,925	674,152	2,106,588	752,613	8,694,804
Noncurrent assets:						
Restricted assets:						
Other investments:						
Replacement reserve	61,163	-	36,035	-	-	4,399,336
Affordability and operating reserve	-	-	-	-	-	3,008,672
Construction cash	8,145	139,902	-	1,631,028	-	1,779,075
Mortgage escrow deposits	45,074	-	-	-	-	45,074
Capital needs reserve	-	406,596	-	-	-	406,596
Capital assets:						
Land	385,493	408,000	-	243,789	360,000	8,457,009
Construction in process	-	-	2,257,240	-	3,940,087	6,197,327
Other capital assets, net of accumulated depreciation	22,984,021	9,371,372	3,564,875	32,653,523	3,246,750	199,386,425
Other assets:						
Tax credit fees, net	82,519	60,760	73,995	35,109	98,984	703,483
Financing fees, net	-	-	34,731	-	-	34,731
Total noncurrent assets	23,566,415	10,386,630	5,966,876	34,563,449	7,645,821	224,417,728
Total assets	$ 24,063,797	$ 10,980,555	$ 6,641,028	$ 36,670,037	$ 8,398,434	$ 233,112,532

See notes to financial statements

	Carver Park	Highland Park	Cherry Court	Convent Hill	Scattered Sites	Scattered Sites II	Olga Village	Westlawn Renaissance	Lapham Park
Liabilities									
Current liabilities:									
Accounts payable	$ 52,084	$ 26,543	$ 30,330	$ 55,055	$ 10,257	$ 3,002	$ 55,048	$ 256,367	$ 367,445
Accounts payable due to primary government	-	-	-	-	-	-	-	-	-
Construction payable	-	-	-	-	-	-	-	-	-
Construction payable due to primary government	-	-	-	-	-	-	-	-	-
Other current liabilities	242,328	74,922	29,902	143,668	34,995	100,480	45,965	841,111	558,712
Accrued interest	-	2,834	3,205	8,695	-	-	267,630	-	(1)
Unearned revenue	12,482	31,097	2,886	5,772	5,466	8,110	7,934	17,398	18,274
Current portion of bonds and notes payable	-	25,129	26,920	28,362	-	-	-	-	-
Current portion of notes and land lease payable to primary government	-	2,296	-	-	-	-	-	-	-
Liabilities payable from restricted assets:									
Tenant security deposits	58,582	44,632	48,582	34,075	11,017	14,090	10,700	148,044	77,480
Total current liabilities	365,476	207,453	141,825	275,627	61,735	125,682	387,277	1,262,920	1,021,910
Noncurrent liabilities:									
Development fee payable	-	-	-	-	-	-	-	-	2,196,403
Accrued interest	-	2,507,568	3,968,756	2,208,914	992,997	1,358,104	237,780	1,550,966	291,877
RAD note payable	-	793,888	198,546	-	213,122	243,914	207,365	-	-
Long-term debt:									
Notes payable	-	1,256,602	755,466	787,133	-	-	1,171,894	-	-
Other liabilities:									
Notes and land lease payable to primary government	-	2,103,274	8,687,203	6,875,874	2,318,300	1,107,578	2,355,835	9,248,114	19,535,097
Total noncurrent liabilities	-	6,661,332	13,609,971	9,871,921	3,524,419	2,709,596	3,972,874	10,799,080	22,023,377
Total liabilities	365,476	6,868,785	13,751,796	10,147,548	3,586,154	2,835,278	4,360,151	12,062,000	23,045,287
Net Position (Deficit)									
Net investment in capital assets	5,929,615	2,566,343	2,472,488	537,882	1,813,583	3,808,975	6,268,782	49,227,242	3,519,221
Unrestricted (deficit)	810,529	(2,069,573)	(3,147,454)	(1,775,664)	(798,580)	(1,108,186)	(234,184)	33,831	1,481,356
Total net position (deficit)	$ 6,740,144	$ 496,770	$ (674,966)	$ (1,237,782)	$ 1,015,003	$ 2,700,789	$ 6,034,598	$ 49,261,073	$ 5,000,577

See notes to financial statements

Housing Authority of the City of Milwaukee

Combining Statement of Net Position - Component Units
December 31, 2020

	Westlawn Renaissance II	Holton Terrace	Becher Court	Westlawn Renaissance III	Merrill Park	Total
Liabilities						
Current liabilities:						
Accounts payable	$ 154,304	$ 85,358	$ 84,772	$ 78,167	$ 46,765	$ 1,305,497
Accounts payable due to primary government	-	321,499	13,670	-	120,758	455,927
Construction payable	-	85,427	262,236	32,708	44,354	424,725
Construction payable due to primary government	-	991,882	1,440,300	904,956	1,710,180	5,047,318
Other current liabilities	80,876	81,586	30,569	14,573	39,438	2,319,125
Accrued interest	7,921	9,464	304	55,255	2,613	357,920
Unearned revenue	9,479	38,709	25,014	54,630	57,739	294,990
Current portion of bonds and notes payable	22,554	1,661,272	-	16,386,854	562,152	18,713,243
Current portion of notes and land lease payable to primary government	1,376,179	-	-	-	-	1,378,475
Liabilities payable from restricted assets:						
Tenant security deposits	54,573	19,960	21,337	61,586	25,175	629,833
Total current liabilities	1,705,886	3,295,157	1,878,202	17,588,729	2,609,174	30,927,053
Noncurrent liabilities:						
Development fee payable	1,888,009	473,200	-	4,560,000	67,815	9,185,427
Accrued interest	564,482	382,955	44,696	40,762	191,577	14,341,434
RAD note payable	-	-	-	-	-	1,656,835
Long-term debt:						
Notes payable	1,851,246	1,167,471	84,774	557,377	507,255	8,139,218
Other liabilities:						
Notes and land lease payable to primary government	11,655,174	5,160,000	3,973,000	14,023,208	3,690,000	90,732,657
Total noncurrent liabilities	15,958,911	7,183,626	4,102,470	19,181,347	4,456,647	124,055,571
Total liabilities	17,664,797	10,478,783	5,980,672	36,770,076	7,065,821	154,982,624
Net Position (Deficit)						
Net investment in capital assets	6,576,352	1,317,429	1,764,341	(2,630,127)	2,719,615	85,891,741
Unrestricted (deficit)	(177,352)	(815,657)	(1,103,985)	2,530,088	(1,387,002)	(7,761,833)
Total net position (deficit)	$ 6,399,000	$ 501,772	$ 660,356	$ (100,039)	$ 1,332,613	$ 78,129,908

See notes to financial statements

Housing Authority of the City of Milwaukee

Combining Statements of Revenues, Expenses and Changes in Net Position - Component Units
Year Ended December 31, 2020

	Carver Park	Highland Park	Cherry Court	Convent Hill	Scattered Sites	Scattered Sites II	Olga Village	Westlawn Renaissance
Operating Revenues								
Tenant revenue:								
Rentals	$ 909,266	$ 892,873	$ 848,952	$ 638,114	$ 187,559	$ 210,210	$ 277,206	$ 2,033,391
Other tenant revenue	11,730	16,438	8,214	2,276	2,570	2,049	21,773	24,690
Operating subsidies	-	-	-	-	-	-	-	-
Total operating revenues	920,996	909,311	857,166	640,390	190,129	212,259	298,979	2,058,081
Operating Expenses								
Administrative	337,551	291,254	293,826	93,002	86,523	99,728	128,351	723,439
Utilities	154,492	158,717	171,100	-	27,404	33,334	77,318	425,746
Ordinary maintenance	301,428	317,914	317,079	386,342	66,875	35,593	80,587	993,942
Depreciation and amortization	661,121	523,946	452,453	533,739	153,511	169,652	334,472	2,147,032
Total operating expenses	1,454,592	1,291,831	1,234,458	1,013,083	334,313	338,307	620,728	4,290,159
Operating loss	(533,596)	(382,520)	(377,292)	(372,693)	(144,184)	(126,048)	(321,749)	(2,232,078)
Nonoperating Revenues (Expenses)								
Syndication costs	-	-	-	-	-	-	-	-
Investment income	1,001	32	2,330	320	286	290	2,788	2,042
Interest expense	-	(296,770)	(416,838)	(276,929)	(92,730)	(172,720)	(53,593)	(417,124)
Total nonoperating revenues (expenses)	1,001	(296,738)	(414,508)	(276,609)	(92,444)	(172,430)	(50,805)	(415,082)
Loss before capital contributions	(532,595)	(679,258)	(791,800)	(649,302)	(236,628)	(298,478)	(372,554)	(2,647,160)
Capital Contributions	-	-	-	-	-	-	-	-
Change in net position	(532,595)	(679,258)	(791,800)	(649,302)	(236,628)	(298,478)	(372,554)	(2,647,160)
Net Position (Deficit), Beginning (as Restated)	7,272,739	1,176,028	116,834	(588,480)	1,251,631	2,999,267	6,407,152	51,908,233
Net Position (Deficit), Ending	$ 6,740,144	$ 496,770	$ (674,966)	$ (1,237,782)	$ 1,015,003	$ 2,700,789	$ 6,034,598	$ 49,261,073

See notes to financial statements

Housing Authority of the City of Milwaukee

Combining Statements of Revenues, Expenses and Changes in Net Position - Component Units
Year Ended December 31, 2020

	Lapham Park	Westlawn Renaissance II	Holton Terrace	Becher Court	Westlawn Renaissance III	Merrill Park	Total
Operating Revenues							
Tenant revenue:							
Rentals	$ 1,458,824	$ 714,485	$ 725,214	$ 331,397	$ 396,893	$ 907,289	$ 10,531,673
Other tenant revenue	26,024	55,504	59,482	19,187	1,050	9,034	260,021
Operating subsidies	-	-	-	11,989	-	-	11,989
Total operating revenues	1,484,848	769,989	784,696	362,573	397,943	916,323	10,803,683
Operating Expenses							
Administrative	462,235	184,559	286,324	112,616	141,524	242,334	3,483,266
Utilities	288,471	128,001	126,322	58,306	55,228	132,900	1,837,339
Ordinary maintenance	603,690	153,668	226,467	55,680	76,296	102,057	3,717,618
Depreciation and amortization	840,150	656,033	191,269	45,125	742,141	83,250	7,533,894
Total operating expenses	2,194,546	1,122,261	830,382	271,727	1,015,189	560,541	16,572,117
Operating loss	(709,698)	(352,272)	(45,686)	90,846	(617,246)	355,782	(5,768,434)
Nonoperating Revenues (Expenses)							
Syndication costs	-	-	(20,023)	-	-	(108,800)	(128,823)
Investment income	1,330	286	2,813	35	6,934	3	20,490
Interest expense	(65,405)	(359,743)	(257,739)	(44,696)	(662,890)	(184,500)	(3,301,677)
Total nonoperating revenues (expenses)	(64,075)	(359,457)	(274,949)	(44,661)	(655,956)	(293,297)	(3,410,010)
Loss before capital contributions	(773,773)	(711,729)	(320,635)	46,185	(1,273,202)	62,485	(9,178,444)
Capital Contributions	-	1,704,293	-	614,171		1,270,128	3,588,592
Change in net position	(773,773)	992,564	(320,635)	660,356	(1,273,202)	1,332,613	(5,589,852)
Net Position (Deficit), Beginning (as Restated)	5,774,350	5,406,436	822,407	-	1,173,163	-	83,719,760
Net Position (Deficit), Ending	$ 5,000,577	$ 6,399,000	$ 501,772	$ 660,356	$ (100,039)	$ 1,332,613	$ 78,129,908

See notes to financial statements

Housing Authority of the City of Milwaukee

Combining Statement of Cash Flows - Component Units
Year Ended December 31, 2020

	Carver Park	Highland Park	Cherry Court	Convent Hill	Scattered Sites	Scattered Sites II	Olga Village	Westlawn Renaissance
Cash Flows From Operating Activities								
Receipts from tenants	$ 763,984	$ 810,009	$ 770,086	$ 634,612	$ 178,423	$ 218,104	$ 270,002	$ 1,791,851
Payments to suppliers	(684,460)	(775,862)	(781,608)	(453,884)	(154,890)	(149,160)	(267,101)	(1,969,039)
Other receipts (payments)	11,730	16,438	8,214	2,276	2,570	2,049	21,773	24,690
Net cash flows from operating activities	91,254	50,585	(3,308)	183,004	26,103	70,993	24,674	(152,498)
Cash Flows From Capital and Related Financing Activities								
Subscription receipts	-	-	-	-	-	-	-	-
Syndication costs	-	-	-	-	-	-	-	-
Acquisitions and modernization of capital assets	(24,212)	(23,800)	-	(9,436)	(13,902)	(6,690)	-	(165,511)
Proceeds from mortgage notes payable	-	-	-	-	-	-	-	-
Principal paid on mortgage revenue bonds	-	(41,343)	(24,202)	(26,363)	-	-	-	-
Payment on cash advance	-	-	-	-	(54,304)	-	-	-
Interest paid on long-term obligations	-	(77,544)	(58,752)	(59,282)	-	-	(248)	(416)
Net cash flows from capital and related financing activities	(24,212)	(142,687)	(82,954)	(95,081)	(68,206)	(6,690)	(248)	(165,927)
Cash Flows From Investing Activities								
Net (deposits to) withdrawals from construction cash	-	-	-	-	-	-	-	-
Net (deposits to) withdrawals from replacement reserves	(33,064)	(28,505)	(34,061)	(7,238)	(19,330)	(19,089)	(13,591)	(105,560)
Net (deposits to) withdrawals from affordability reserves	(502)	(9)	(616)	(76)	(21)	-	-	(712)
Net (deposits to) withdrawals from operating reserves	(428)	(13)	(397)	(62)	-	(21)	(149)	-
Investment income	1,001	32	2,330	320	286	290	2,788	2,042
Net cash flows from investing activities	(32,993)	(28,495)	(32,744)	(7,056)	(19,065)	(18,820)	(10,952)	(104,230)
Net change in cash and cash equivalents	34,049	(120,597)	(119,006)	80,867	(61,168)	45,483	13,474	(422,655)
Cash and Cash Equivalents, Beginning	287,973	187,598	173,080	105,287	83,043	158,300	20,706	837,036
Cash and Cash Equivalents, Ending	$ 322,022	$ 67,001	$ 54,074	$ 186,154	$ 21,875	$ 203,783	$ 34,180	$ 414,381

See notes to financial statements

	Lapham Park	Westlawn Renaissance II	Holton Terrace	Becher Court	Westlawn Renaissance III	Merrill Park	Total
Cash Flows From Operating Activities							
Receipts from tenants	$ 1,406,588	$ 670,594	$ 603,202	$ 334,163	$ 496,813	$ 874,477	$ 9,822,908
Payments to suppliers	(914,190)	(555,159)	(356,256)	(617,049)	(229,570)	(361,098)	(8,269,326)
Other receipts (payments)	26,024	55,504	59,482	31,176	1,050	9,034	272,010
Net cash flows from operating activities	518,422	170,939	306,428	(251,710)	268,293	522,413	1,825,592
Cash Flows From Capital and Related Financing Activities							
Subscription receipts	-	1,704,293	-	614,171	-	1,288,792	3,607,256
Syndication costs	-	-	(20,023)	-	-	(108,800)	(128,823)
Acquisitions and modernization of capital assets	(95,552)	(1,005)	(2,918,593)	(4,164,704)	(12,385,308)	(2,250,038)	(22,058,751)
Proceeds from mortgage notes payable	-	-	2,364,301	4,088,343	13,156,326	1,116,726	20,725,696
Principal paid on mortgage revenue bonds	-	(1,725,755)	-	-	-	-	(1,817,663)
Payment on cash advance	-	-	-	-	-	-	(54,304)
Interest paid on long-term obligations	-	(98,841)	524,489	304	(566,873)	9,690	(327,473)
Net cash flows from capital and related financing activities	(95,552)	(121,308)	(49,826)	538,114	204,145	56,370	(54,062)
Cash Flows From Investing Activities							
Net (deposits to) withdrawals from construction cash	-	-	-	-	(1,631,028)	-	(1,631,028)
Net (deposits to) withdrawals from replacement reserves	19,238	(36,231)	87,785	(36,035)	-	-	(225,681)
Net (deposits to) withdrawals from affordability reserves	-	(22,885)	(2,787)	-	-	-	(27,608)
Net (deposits to) withdrawals from operating reserves	(746)	(56)	(139,902)	-	-	-	(141,774)
Investment income	1,330	286	2,813	35	6,934	3	20,490
Net cash flows from investing activities	19,822	(58,886)	(52,091)	(36,000)	(1,624,094)	3	(2,005,601)
Net change in cash and cash equivalents	442,692	(9,255)	204,511	250,404	(1,151,656)	578,786	(234,071)
Cash and Cash Equivalents, Beginning	1,103,034	410,753	198,613	-	3,237,826	26,690	6,829,939
Cash and Cash Equivalents, Ending	$ 1,545,726	$ 401,498	$ 403,124	$ 250,404	$ 2,086,170	$ 605,476	$ 6,595,868

See notes to financial statements

Housing Authority of the City of Milwaukee

Combining Statement of Cash Flows - Component Units
Year Ended December 31, 2020

	Carver Park	Highland Park	Cherry Court	Convent Hill	Scattered Sites	Scattered Sites II	Olga Village	Westlawn Renaissance
Reconciliation of Operating Loss to Net Cash Flows From Operating Activities								
Operating loss	$ (533,596)	$ (382,520)	$ (377,292)	$ (372,693)	$ (144,184)	$ (126,048)	$ (321,749)	$ (2,232,078)
Adjustments to reconcile operating loss to net cash flows from operating activities:								
Depreciation and amortization expense	661,121	523,946	452,453	533,739	153,511	169,652	334,472	2,147,032
Amortization of financing fees	-	(5,617)	1,925	877	-	-	248	416
Changes in assets and liabilities:								
Tenant accounts receivable	(155,030)	(40,423)	(77,172)	(4,456)	(12,454)	2,352	(13,903)	(234,893)
Prepaid expenses	4,697	(393)	6,962	-	14,368	6,025	3,329	7,117
Accounts payable	14,986	14,783	(4,216)	24,583	(749)	2,897	7,307	50,937
Accrued liabilities	89,328	(16,750)	(4,274)	-	12,293	10,573	8,271	115,618
Tenant security deposits	939	94	39	1,490	1,489	(149)	(465)	(4,724)
Unearned revenue	8,809	(42,535)	(1,733)	(536)	1,829	5,691	7,164	(1,923)
Total adjustments	(36,271)	(85,224)	(80,394)	21,081	16,776	27,389	11,703	(67,868)
Net cash flows from operating activities	$ 91,254	$ 50,585	$ (3,308)	$ 183,004	$ 26,103	$ 70,993	$ 24,674	$ (152,498)
Reconciliation of Cash and Cash Equivalents to Statement of Net Position								
Unrestricted	$ 263,440	$ 22,369	$ 5,492	$ 152,079	$ 10,858	$ 189,693	$ 23,480	$ 266,337
Restricted, tenant security deposits	58,582	44,632	48,582	34,075	11,017	14,090	10,700	148,044
Total cash and cash equivalents	$ 322,022	$ 67,001	$ 54,074	$ 186,154	$ 21,875	$ 203,783	$ 34,180	$ 414,381

See notes to financial statements

	Lapham Park	Westlawn Renaissance II	Holton Terrace	Becher Court	Westlawn Renaissance III	Merrill Park	Total
Reconciliation of Operating Loss to Net Cash Flows From Operating Activities							
Operating loss	$ (709,698)	$ (352,272)	$ (45,686)	$ 90,846	$ (617,246)	$ 355,782	$ (5,768,434)
Adjustments to reconcile operating loss to net cash flows from operating activities:							
Depreciation and amortization expense	840,150	656,033	191,269	45,125	742,141	83,250	7,533,894
Amortization of financing fees	-	1,478	(2,100)	(108,726)	(37,617)	(98,984)	(248,100)
Changes in assets and liabilities:							
Tenant accounts receivable	(39,033)	(38,069)	(157,202)	(43,585)	(16,296)	(115,726)	(945,890)
Prepaid expenses	4,996	(5,304)	(13,800)	(380,163)	(4,122)	(31,411)	(387,699)
Accounts payable	339,568	(54,021)	275,468	98,442	78,167	235,338	1,083,490
Accrued liabilities	95,642	(31,084)	23,289	-	7,050	11,250	321,206
Tenant security deposits	(6,567)	(4,877)	(304)	21,337	61,586	25,175	95,063
Unearned revenue	(6,636)	(945)	35,494	25,014	54,630	57,739	142,062
Total adjustments	387,970	(134,300)	162,945	(278,955)	181,015	182,365	308,232
Net cash flows from operating activities	$ 518,422	$ 170,939	$ 306,428	$ (251,710)	$ 268,293	$ 522,413	$ 1,825,592
Reconciliation of Cash and Cash Equivalents to Statement of Net Position							
Unrestricted	$ 1,468,246	$ 346,925	$ 383,164	$ 229,067	$ 2,024,584	$ 580,301	$ 5,966,035
Restricted, tenant security deposits	77,480	54,573	19,960	21,337	61,586	25,175	629,833
Total cash and cash equivalents	$ 1,545,726	$ 401,498	$ 403,124	$ 250,404	$ 2,086,170	$ 605,476	$ 6,595,868

See notes to financial statements

1. Summary of Significant Accounting Policies

The accounting policies of the Housing Authority of the City of Milwaukee, Wisconsin conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to enterprise funds of governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

Reporting Entity

This report contains the financial information of the Housing Authority of the City of Milwaukee (the Authority). The Authority is a separate body, corporate and politic, which was established by State Statute 66.40 in 1944. The Authority is directed by seven commissioners who are appointed by the Mayor of the City of Milwaukee and confirmed by the Common Council for staggered five-year terms.

The reporting entity for the Authority consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units or its constituents; (2) the primary government or its component units, is entitled to or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government or its component units, is entitled to or has the ability to otherwise access, are significant to the primary government.

Component units are reported using one of two methods, discrete presentation or blending. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

Each discretely presented component unit is reported in a separate column in the financial statements to emphasize that it is legally separate from the Authority and is fiscally dependent on the Authority. Separately issued financial statements of all component units may be obtained from Rick Koffarnus, Finance Director – Housing Authority of the City of Milwaukee at 809 N. Broadway St. Milwaukee, WI 53202.

Accounting principles generally accepted in the United States of America require the inclusion of a combining statement of net position and a combining statement of revenues, expenses and change in net position for all major component units be included in the Authority's basic financial statement if not presented in separate columns on the Authority's statement of net position or the statement of revenues, expenses and change in net positon; however those principles do not required the inclusion of an aggregate total of cash flows for its component units on the statement of cash flows or a combining statement of cash flows for its component units if the component units issue separate standalone financial statements. As previously noted, each discretely presented component unit issues separate financial statement; however management has elected to include an aggregate total of cash flows for its component units on the statement of cash flows and a combining statement of cash flows for its component units.

In March 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings and direct placements. This standard was implemented January 1, 2020.

Blended Component Units

Travaux, Inc.

In May 2013, the Authority formed Travaux, Inc. (Travaux). The purpose of Travaux is to provide for services outside of the Authority's portfolio while continuing to serve the Authority's modernization and development services needs during the initial years of operations. Travaux and the Authority have substantially the same governing body, management of the Authority has operational responsibility for Travaux and a financial benefit or burden relationship exists. The activity of Travaux is reported in the General Fund program of the Authority. Travaux does not issue separate financial statements.

Crucible, Inc.

In November 2019, the Authority formed Crucible, Inc. (Crucible). The primary purpose of Crucible is to provide for community supportive services and administer self-sufficiency programs for the Authority’s residents. Crucible and the Authority have substantially the same governing body, management of the Authority has operational responsibility for Crucible and a financial benefit or burden relationship exists. The activity of Crucible is reported in the General Fund program of the Authority. Crucible does not issue separate financial statements.

Discretely Presented Component Units

Carver Park Tax Credit Limited Partnership

In February 1999, the Authority entered into a limited partnership with Friends of Housing Corporation named Carver Park, LLC (Carver Park). The Authority has a 51 percent ownership, while Friends of Housing Corporation has 49 percent. During 2000, Carver Park entered into a limited partnership named Carver Park Tax Credit Limited Partnership (Partnership). The general partner of the Partnership is Carver Park with a .01 percent interest and equity investors are the limited partners with a 99.9 percent interest. On May 15, 2018, the Authority assumed the 99.9 percent interest of the limited partners. Effective May 16, 2018 the Partnership consists of one general partner and one investor limited partner. The main purpose of the Partnership was to construct and operate Carver Park affordable housing development and to qualify for low income housing tax credits pursuant to Section 42 of the Internal Revenue Code. The Partnership's operating agreement calls for the Partnership to dissolve on December 31, 2050. The information presented for the Partnership is for the fiscal year ended December 31, 2020.

Carver Park has constructed and is operating two low-income housing apartment properties located in Milwaukee, Wisconsin, jointly called Carver Park Townhomes. The first property (hereafter referenced as Carver I) consists of 19 buildings totaling 64 units. The second property (hereafter referenced as Carver II) consists of 16 buildings totaling 58 units. The properties were placed in service during 2001.

Highland Park Community, LLC

As of August 8, 2003, Highland Park Community, LLC (Highland Park), a limited liability company was created. The Managing Member of the Highland Park Community, LLC is Highland Park Development, LLC, which is 100 percent owned by the Authority and which has a .01 percent interest in the Highland Park Community, LLC. On March 31, 2020, the 99.9 percent investor membership ownership was purchases by Highland Park Development LLC and the Authority as 99.99 percent and .01 percent, respectively. The purpose of Highland Park is to construct and operate the 114 unit elderly and disabled component of the Highland Park Housing development and to qualify for low income housing tax credits pursuant to Section 42 of the Internal Revenue Code. The tax credits are worth $8.2 million. The property was placed in service during 2004. The information presented for Highland Park is for the fiscal year ended December 31, 2020.

Cherry Court Development, LLC

As of November 29, 2004, the Authority formed Cherry Court Development, LLC (Cherry Court), a limited liability company. The purpose of Cherry Court is to construct and operate the 120 unit elderly and disabled component of the Cherry Court Housing Development and to qualify for low income housing tax credits pursuant to Section 42 of the Internal Revenue Code. Proceeds from the sale of tax credits are worth $9.3 million and will be invested in the development. Total funding for the development was over $18 million, with the balance coming from a combination of HOPE VI funding received by the Authority, other federal funds and private financing. The property was placed in service during 2006. The information presented for Cherry Court is for the fiscal year ended December 31, 2020.

Convent Hill Development, LLC

As of November 17, 2005, the Authority formed Convent Hill Development, LLC (Convent Hill), a limited liability company. The purpose of Convent Hill is to construct and operate 80 low-income housing units of the Convent Hill Housing Development and to qualify for low income housing tax credits pursuant to Section 42 of the Internal Revenue Code. Proceeds from the sale of tax credits are worth $8.2 million and will be invested in the development. Total funding for the development was over $16 million, with the balance coming from a combination of other federal funds and private financing. The project was placed in service during 2007. The information presented for Convent Hill is for the fiscal year ended December 31, 2020.

Scattered Sites, LLC

As of September 24, 2007, the Authority formed Scattered Sites, LLC (Scattered Sites), a limited liability company. The purpose of Scattered Sites is to construct and develop 24 scattered sites, single family homes known as the Scattered Sites Revitalization Project and to qualify for low income housing tax credits pursuant to Section 42 of the Internal Revenue Code. Proceeds from the sale of tax credits are worth $3.7 million and will be invested in the development. Total funding for the development was over $6.5 million, with the balance coming from a combination of other federal funds and private financing. The project was placed in service in 2008. The information presented for Scattered Sites is for the fiscal year ended December 31, 2020.

Scattered Sites II, LLC

As of November 10, 2008, the Authority formed Scattered Sites II, LLC (Scattered Sites II), a limited liability company. The purpose of Scattered Sites II is to construct and develop 24 scattered sites, single family homes known as the Scattered Sites II Revitalization Project and to qualify for low income housing tax credits pursuant to Section 42 of the Internal Revenue Code. Proceeds from the sale of tax credits are estimated to be worth $5.8 million and will be invested in the development. Total funding for the development will be over $6.8 million, with the balance coming from a combination of other federal funds and private financing. The project was placed in service in 2009. The information presented for Scattered Sites II is for the fiscal year ended December 31, 2020.

Olga Village, LLC

As of August 20, 2009, the Authority formed Olga Village, LLC (Olga Village), a limited liability company. The purpose of Olga Village is to construct and develop 37 senior and elderly units known as the Olga Village and to qualify for low income housing tax credits pursuant to Section 42 of the Internal Revenue Code. Proceeds from the sale of tax credits are estimated to be worth $7.4 million and will be invested in the development. Total funding for the development will be over $9.7 million, with the balance coming from a combination of other federal funds and private financing. The project was placed in service in 2010. The information presented for Olga Village is for the fiscal year ended December 31, 2020.

Westlawn Renaissance, LLC

As of November 8, 2010, the Authority formed Westlawn Renaissance, LLC (Westlawn Renaissance), a limited liability company. Westlawn Renaissance is the owner entity for the revitalization of the eastern side of Westlawn housing development (Westlawn). In 2010, the Wisconsin Housing and Economic Development (WHEDA) awarded HACM a tax credit allocation of over $76 million for Westlawn. The tax credit was be used for the first phase of the redevelopment which included the eastern portion of Westlawn along W. Silver Spring Drive between 60th and 64th Streets. The funding for the development was over $82 million with the balance coming from a combination of other federal funds and private financing. Phase I plans included replacing 332 distressed, barracks-style housing units with up to 345 housing units which included the 250 tax credit units owned by Westlawn Renaissance. The housing units were comprised of single family homes, duplexes and multifamily rental housing units. Phase I plan also included market rate home ownership and rental units. The new units were designed for environmental sustainability and in a mixture of styles to match the architectural features of the surrounding neighborhood. The project was placed in service in 2012. The information presented for Westlawn Renaissance is for the fiscal year ended December 31, 2020.

Lapham Park, LLC

As of October 11, 2011, the Authority incorporated Lapham Park, LLC (Lapham Park), a limited liability company. Lapham Park is the owner entity for the rehabilitation of Lapham Park, a 201 unit elderly designated high rise building. Lapham Park was originally built in 1964. Lapham Park serves low-income, disabled adults and elderly individuals, many of whom are also disabled, wheelchair-bound, suffer from vision or hearing loss and show the early signs of Alzheimer's. All 201 housing units are handicapped accessible. Lapham Park serves as a national model of a Continuing Care Community partnership for low-income seniors. By allowing seniors to age in their community instead of transferring to more expensive nursing care, the partnership has saved approximately $1 million in Medicaid nursing home costs annually. The total rehabilitation cost was budgeted at around $33 million. The Housing Authority received about $12 million in tax credit allocation from WHEDA for this project under the 4 percent tax credit program. The balance of the rehabilitation budget was financed from HACM's capital fund program and other federal funds. The project was placed in service on various dates ranging from November 2011 to November 2012. The information presented for Lapham Park is for the fiscal year ended December 31, 2020.

Westlawn Renaissance II LLC

As of September 6, 2016, the Housing Authority formed Westlawn Renaissance II LLC (Westlawn Renaissance II), a limited liability company. Westlawn Renaissance II is the upper tier limited liability company that owns WG Scattered Sites LLC (WG Scattered Sites) and Victory Manor LLC (Victory Manor). WG Scattered Sites and Victory Manor are collectively referred to as the lower tier entities. Financial and tax reporting for WG Scattered Sites and Victory Manor are consolidated in Westlawn Renaissance II. Victory Manor Apartments consists of 60 units in one building, with up to 33 parking spaces and is owned by Victory Manor. The units in Victory Manor Apartments will be targeted but not restricted, to veterans. WG Scattered Sites Apartments consists of 30 single-family townhomes in 10 buildings, with up to 23 parking spaces on-site and 8 off-site and is owned by WG Scattered Sites. Both WG Scattered Sites and Victory Manor were placed in service in 2019. The information presented for Westlawn Renaissance II is for the fiscal year ended December 31, 2020.

Holton Terrace LLC

As of June 26, 2018, the Housing Authority formed Holton Terrace LLC (Holton Terrace), a limited liability company. Holton Terrace is the owner entity responsible for acquiring, rehabilitating and operating a 120-unit low-income housing project called Holton Terrace Apartments, with admission preferences for rental to seniors age sixty-two years or older or disabled persons. The project was placed in service in 2019. The information presented for Holton Terrace is for the fiscal year ended December 31, 2020.

Becher Court LLC

As of September 10, 2019, the Housing Authority formed Becher Court LLC (Becher Court), a limited liability company. Becher Court LLC is responsible for acquiring, rehabilitating and operating a 120-unit apartment complex located in Milwaukee, Wisconsin. In 2019, the Wisconsin Housing and Economic Development (WHEDA) awarded HACM a 9 percent tax credit allocation of $649,865 to the project. The project closed in June 2020 and the limited partner admitted in the Partnership. The estimated total development cost for this project is $16.8 million and is partly financed by Wisconsin Economic Development Authority (WHEDA). This project is a Rental Assistance Demonstration rehabilitation project and is expected to be placed in service by December 31, 2021. The information presented for Becher Court is for the fiscal year ended December 31, 2020.

Westlawn Renaissance III LLC

As of September 5, 2017, the Housing Authority incorporated Westlawn Renaissance (WR) III LLC, a limited liability company. WR III is the owner entity responsible for acquiring, constructing and operating 2 multi-family buildings comprising of 94 affordable housing units, up to 51 tenant parking spaces and approximately 3,000 square feet of commercial space located along W. Silver Spring St, Milwaukee WI. In 2018, the Wisconsin Housing and Economic Development (WHEDA) awarded HACM a 4 percent tax credit allocation of over $1.344 million to the project. The project closed and the limited partner admitted in April 2019. The estimated total development cost for this project is $35 million and is partly financed by Wisconsin Economic Development Authority (WHEDA) tax-exempt bond of about $17 million. This project was placed into service in 2020. The information presented for WR III is for the fiscal year ended December 31, 2020.

Merrill Park LLC

As of August 12, 2019, the Housing Authority incorporated Merrill Park LLC (Merrill Park), a limited liability company. Merrill Park is responsible for acquiring, rehabilitating and operating a multi-family building comprising of 120 affordable housing units located in 222 N. 33rd Street, Milwaukee WI. In 2019, the Wisconsin Housing and Economic Development (WHEDA) awarded HACM a 9 percent tax credit allocation of $899,840 to the project. The project closed in December 2019 and the limited partner admitted in the Partnership. The estimated total development cost for this project is $16.8 million and is partly financed by Wisconsin Economic Development Authority (WHEDA). This project is a Rental Assistance Demonstration rehabilitation project and is expected to be placed in service by December 31, 2021. The information presented for Merrill Park is for the fiscal year ended December 31, 2020.

The Housing Authority reports its component units (ownership entities) that were incorporated to own mixed finance developments currently under development as part of its Primary Government Operations. All inter-company transactions between the Primary Government and these Component Units are eliminated for purposes of financial statement presentations. Equity drawdown and third party loans obtained during construction period are reported under the Primary Government operations. These entities will be presented discretely as separate component units when the rental units are placed in service.

As of December 31, 2020, there were two mixed finance development projects in progress, Westlawn Renaissance IV, LLC and Westlawn Renaissance VI LLC. Descriptions of these projects follows:

Westlawn Renaissance IV LLC

The Housing Authority of the City of Milwaukee (HACM) received a 9 percent low-income housing tax credit award of $1,541,457 in May 2020 and a Housing Trust Fund award ($2,289,382 loan) from the Wisconsin Housing and Economic Development Authority (WHEDA) to develop Westlawn Renaissance IV, which consists of two new three-story midrises, 30 units/midrise, located on 1.224 acres of vacant land on North 64th Street in the Westlawn Housing Development. Thirty (30) of these units are supportive housing units for youth aging out of foster care. WLR IV is part of the Rental Assistance Demonstration (RAD) conversion of public housing to a Section 8 platform and 16 of the 60 units are RAD replacement units. Westlawn Renaissance IV project was closed in December 2020 and limited Partner admitted into the partnership. Construction is expected to be completed and project to be placed in service in March 2022. Estimated total development cost is around $18,125,407.

Westlawn Renaissance VI LLC

The Housing Authority of the City of Milwaukee received 4 percent federal and state housing tax credits, as well as tax-exempt bond financing to develop Westlawn Renaissance VI. Financing for this project was closed and limited partner admitted into the partnership in March 2020. The improvements consist of 57 buildings (individual parcels) with a total of 138 dwelling units on 8.7 acres. There are two-bedroom, three bedroom and four bedroom units housed in single family homes, duplexes, triplexes, 4 plexes and 5 plexes. There will be138 surface parking spaces. The 138 units and is being developed as part of HUD's Rental Assistance Demonstration (RAD) program in conjunction with the Choice Neighborhoods Implementation grant that was awarded to the City of Milwaukee in partnership with the Housing Authority of the City of Milwaukee. One hundred and thirty-six (136) of the 138 units are RAD replacement units that will receive HUD rental subsidy (project-based vouchers) and the remaining two units (3 bedrooms) are LIHTC only units. The buildings are in various stages of completion in 2021. It is expected that all of the remaining units will be completed and placed in service by March of 2022. Individual units are leased as they are completed starting in the middle of 2021. Estimated total development cost is around $58,411,335.

Financial Statements

The Authority has determined that for purposes of financial reporting the HUD subsidies for ongoing operations and housing assistance payments for each unit rented to qualified tenants are directly related to the Authority's mission and therefore are recorded as operating grant revenue.

The financial statements of the Authority include the accounts of the four programs listed below:

Low Income Housing Program	Veteran's Housing Program
Housing Choice Voucher Program	General Fund

The Low Income Housing Program manages 2,387 dwelling units at the end of 2020, in 14 housing developments and approximately 330 units of scattered sites. The U.S. Department of Housing and Urban Development (HUD) provides funding in the form of subsidies for this program.

The Housing Choice Voucher Program had approximately 5,288 units under contract at the end of 2020. The Authority provides rental assistance to low-income families under this program. HUD provides funding in the form of subsidies for this program.

In addition to the above programs, the Authority also owns and manages four housing developments which are not federally subsidized. These developments include Southlawn Park (12 units) and three Veterans Housing Developments, Northlawn, Southlawn and Berryland consisting of 978 units. The veterans developments were constructed in 1949-1950 to meet housing needs for the area's veterans. They were financed without the use of federal funds, relying principally on revenue bonds. Veterans Housing Developments receive no subsidy from any governmental agency. Rental revenues, which are fixed by unit size, are used to pay all expenses. Applicants for these units must meet income criteria set by the Authority.

The General Fund was established in accordance with Resolution Number 896, adopted December 7, 1954. The General Fund was created to hold, invest and disburse monies which may accrue to the Authority free and clear of all liens, charges and encumbrances as a result of its operation, management and control of the various Veterans Housing Developments. In addition to the above, the General Fund is also used to account for all financial transactions of the Authority other than those reflected in Low Income Housing, Housing Choice Voucher or the Veterans Housing Programs.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Authority engages in business-type activities. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Accordingly, the accounts of the Authority, which are organized as an enterprise fund, are used to account for the Authority's activities that are financed and operated in a manner similar to a private business enterprise. The Authority maintains its records on the accrual basis of accounting. Revenues from operations, investments and other sources are recorded when earned. Expenses, including depreciation and amortization, are recorded when incurred.

Nonexchange transactions, in which the Authority receives value without directly giving equal value in return, include operating subsidies from related organization, grants and contributions. Revenue from subsidies, grants and contributions is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted and expenditure requirements, in which the resources are provided to the Authority on a reimbursement basis.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the principal operations of the Authority. Operating revenues of the Authority result from exchange transactions associated with providing housing and related services and HUD PHA operating subsidies and housing assistance payments that are directly related to the Authority's mission. Operating expenses for the Authority include the cost of housing services provided, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Nonoperating revenue includes capital grants, miscellaneous noncapital grants, investment income and other revenues not meeting the definition of operating.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources 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.

As a general rule, the effect of interprogram activity has been eliminated from the business-wide financial statements.

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity

Deposits and Investments

For purposes of the statement of cash flows, the Authority considers all highly liquid investments, except for amounts presented as restricted investments or investment with fiscal agent, with an initial maturity of three months or less when acquired to be cash equivalents.

Investment of Authority funds is restricted by Wisconsin state statutes. Available investments are limited to:

a. Time deposits in any credit union, bank, savings bank or trust company.

b. Bonds or securities of any county, city, drainage district, technical college district, village, town or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority or the Wisconsin Aerospace Authority.

c. Bonds or securities issued or guaranteed by the federal government.

d. The local government investment pool.

e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.

f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.

g. Repurchase agreements with public depositories, with certain conditions.

The Authority has adopted an investment policy that follows all state statutes and the HUD guidelines for investment. That policy contains the following guidelines for allowable investments:

Custodial Credit Risk

Collateral is required for all Housing Authority investments except for investments held at the time the investment policy was adopted. The collateral must be on the Authority's approved list of investments.

Credit Risk and Concentration of Credit Risk

The Authority cannot have more than 50 percent of its investment portfolio in a single investment. There is an exception for investments that are fully collateralized by Federal Government insurance.

Interest Rate Risk

To the extent possible, the Authority will attempt to match its investments with anticipated cash flow requirements.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note 2. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments is allocated based on average balances. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

The Wisconsin Local Government Investment Pool (the Pool or LGIP), is part of the State Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2020, the fair value of the Authority's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note 2 for further information.

Investments With Fiscal Agent

Investments with fiscal agent are amounts placed in trust under the direction of the trustees and are available only for debt retirement or the original purpose of the borrowings.

Receivables

Grants receivable represent amounts due from federal agencies for program expenses incurred by the Authority for which reimbursement have not been made.

The Authority has significant receivables from its Component Units which are presented in the Statement of Net Position as notes receivable. The terms of these notes receivables are described in detail in the Component Unit section of Note 2.

Prepaid Items

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

Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such agreements are required by bond agreements, grant agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

Investment in Partnership

The Authority accounts for its share of the operation of Carver Park following the equity method of accounting. The Authority has an equity interest in Carver Park equal to its percentage share of participation. The equity interest is reported in the statement of net position as an asset (investment in Carver Park) and the amount of change in equity interest for the year is reflected on the statement of revenues, expenses and changes in net position.

Capital Assets

Capital assets are defined by the Authority as assets with an initial cost of more than $5,000 and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

The costs for ordinary and extraordinary maintenance and repairs are charged against income as incurred, while betterments and additions are capitalized at year end. Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets, which are equipment (5 years) and buildings and site improvements (10 - 40 years). Interest expense is not capitalized on rehabilitation projects.

Rental property of Carver Park, Highland Park, Cherry Court, Convent Hill, Scattered Sites, Scattered Sites II, Olga Village, Westlawn Renaissance, Lapham Park, Westlawn Renaissance II, Holton Terrace, Becher Court, Westlawn Renaissance III and Merrill Park is stated at cost. Depreciation of rental property is computed principally by the straight-line and declining balance methods based upon the following estimated useful lives of the assets:

	Years
Site improvements	15-20
Buildings	10-40
Furnishing and equipment	5-10

Construction in progress includes costs incurred for development, a portion of which may be reclassified to other assets pending future events with component units.

Financing and Tax Credit Fees

Financing fees are deferred and amortized on the straight-line method over the term of the debt issue. Tax credit fees are deferred and amortized on the straight-line method over the life of the tax credit compliance period of 15 years.

Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as outflow of resources (expense) until that future time.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the City of Milwaukee Employees' Retirement System (ERS) and additions to/deductions from ERS' fiduciary net position have been determined on the same basis as they are reported by ERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits

For purposes of measuring the total other postemployment benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, the Authority's OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

Long-Term Obligations

All long term obligations to be repaid from business-type resources are reported as liabilities in the statements. The long-term obligations consist primarily of mortgage revenue bonds payable compensated absences, net pension liability and total OPEB liability.

Compensated Absences

Under terms of employment, employees are granted sick leave and vacation benefits in varying amounts. All vested vacation and sick leave pay is accrued when incurred and is presented as compensated absences in the financial statements. Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2020 are determined on the basis of current salary rates.

Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

Net Position

Net position is displayed in three components as follows:

a. **Net investment in capital assets** - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

b. **Restricted net position** - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.

c. **Unrestricted net position** - All other net positions that do not meet the definition of restricted or net investment in capital assets.

When both restricted and unrestricted resources are available for use, generally it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

2. Detailed Notes on all Funds

Deposits and Investments

The Authority's deposits and investments at year end were comprised of the following:

	Carrying Value	Bank Balance	Associated Risks
Demand deposits	$ 17,451,677	$ 11,414,137	Custodial credit risk
Petty cash	700	-	N/A
U.S. agencies, implicitly guaranteed	4,048,011	4,048,011	Credit, custodial credit, concentration of credit and interest rate risk
U.S. treasuries	1,741,631	1,741,631	Custodial credit and interest rate risk
LGIP	102,627	102,627	Credit risk
Total deposits and investments	$ 23,344,646	$ 17,306,406	

	Carrying Value
Reconciliation to financial statements:	
Per statement of net position:	
Current assets:	
Unrestricted cash and cash equivalents	$ 13,214,946
Other restricted, cash and cash equivalents	6,462,034
Restricted cash, tenant security deposits	1,113,282
Noncurrent assets :	
Investment with fiscal agent	2,554,384
Total deposits and investments	$ 23,344,646

Deposits in each local and area bank are insured by the FDIC in the amount of $250,000 for time and savings accounts (including NOW accounts) and $250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of $250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of $400,000. However, due to nature of this fund, recovery of material principal losses may not be significant to individual entities. The coverage has not been considered in computing custodial credit risk.

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The valuation methods for recurring fair value measurements are as follows:

- Market Value

	As of December 31, 2020			
	Level 1	Level 2	Level 3	Total
U.S. Agencies, implicitly guaranteed	$ -	$ 4,048,011	$ -	$ 4,048,011
U.S. treasuries	1,741,631	-	-	1,741,631
Total	$ 1,741,631	$ 4,048,011	$ -	$ 5,789,642

Custodial Credit Risk

Deposits, custodial credit risk is the risk that in the event of a financial institution failure, the Authority's deposits may not be returned to the Authority.

As of December 31, 2020, $2,587,137 of the Authority's total bank balances were exposed to custodial credit risk as uninsured and uncollateralized.

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

As of December 31, 2020, $2,560,416 of the Authority's investments was exposed to custodial credit risk as neither insured nor registered and held by counterparty.

Credit Risk

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligation.

As of December 31, 2020 the Authority had $102,627 invested in the Local Government Investment Pool, which is not rated.

The Authority's investments in U.S. Agencies, implicitly guaranteed of $4,048,011 and U.S. Treasuries of $1,741,631 were rated Aaa by Moody's Investor Services and/or AA+ by Standard & Poor's as of December 31, 2020.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

As of December 31, 2020, the Authority's investments are as follows:

		Maturity in Years	
	Fair Value	**Less Than 1 Year**	**1 to 5 Years**
U.S. agencies, implicitly guaranteed	$ 4,048,011	$ 460,282	$ 3,587,729
U.S. treasuries	1,741,631	1,020,204	721,427
Total investments	$ 5,789,642	$ 1,480,486	$ 4,309,156

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Authority's investment in a single issuer. At December 31, 2020, the investment portfolio had concentration of investments greater than 5 percent of the total portfolio as follows:

Issuer	Investment Type	Percentage of Portfolio
Federal National Mortgage Association	U.S. agency, implicitly guaranteed	27.8 %
Federal Home Loan Mortgage Corporation	U.S. agency, implicitly guaranteed	26.9
Federal Home Loan Banks	U.S. agency, implicitly guaranteed	2.6

For financial reporting purposes, the component units consider all investments purchased with a maturity of three months or less to be cash equivalents, with the exception of cash not available to the partnership due to restrictions placed on it. The risks associated with the component unit's cash and investment balances are not known. The cash balances for the component units as of December 31, 2020 are as follows:

Component Units

Carver Park

Cash and equivalents:		
Unrestricted	$	263,440
Restricted, tenant security deposits		58,582
Other investments, restricted:		
Replacement reserve		165,741
Affordability and operating reserve		428,174
Total cash and investments	$	915,937

Highland Park

Cash and equivalents:		
Unrestricted	$	22,369
Restricted, tenant security deposits		44,632
Other investments, restricted:		
Replacement reserve		936,372
Affordability and operating reserve		334,306
Total cash and investments	$	1,337,679

Cherry Court

Cash and equivalents:		
Unrestricted	$	5,492
Restricted, tenant security deposits		48,582
Other investments, restricted:		
Replacement reserve		540,926
Affordability and operating reserve		404,685
Total cash and investments	$	999,685

Convent Hill

Cash and equivalents:		
Unrestricted	$	152,079
Restricted, tenant security deposits		34,075
Other investments, restricted:		
Replacement reserve		226,494
Affordability and operating reserve		238,952
Total cash and investments	$	651,600

Scattered Sites

Cash and equivalents:		
Unrestricted	$	10,858
Restricted, tenant security deposits		11,017
Other investments, restricted:		
Replacement reserve		287,576
Affordability and operating reserve		76,988
Total cash and investments	$	386,439

Scattered Sites II

Cash and equivalents:		
Unrestricted	$	189,693
Restricted, tenant security deposits		14,090
Other investments, restricted:		
Replacement reserve		307,274
Affordability and operating reserve		75,777
Total cash and investments	$	586,834

Olga Village

Cash and equivalents:		
Unrestricted	$	23,480
Restricted, tenant security deposits		10,700
Other investments, restricted:		
Replacement reserve		304,041
Affordability and operating reserve		205,660
Total cash and investments	$	543,881

Westlawn Renaissance

Cash and equivalents:		
Unrestricted	$	266,337
Restricted, tenant security deposits		148,044
Other investments, restricted:		
Replacement reserve		1,086,596
Affordability and operating reserve		607,835
Total cash and investments	$	2,108,812

Lapham Park

Cash and equivalents:		
Unrestricted	$	1,468,246
Restricted, tenant security deposits		77,480
Other investments, restricted:		
Replacement reserve		447,118
Affordability and operating reserve		636,295
Total cash and investments	$	2,629,139

Westlawn Renaissance II

Cash and equivalents:		
Unrestricted	$	346,925
Restricted, tenant security deposits		54,573
Other investments, restricted:		
Replacement reserve		61,163
Construction cash		8,145
Mortgage escrow deposits		45,074
Total cash and investments	$	515,880

Holton Terrace

Cash and equivalents:		
Unrestricted	$	383,164
Restricted, tenant security deposits		19,960
Other investments, restricted:		
Construction cash		139,902
Capital needs reserve		406,596
Total cash and investments	$	949,622

Becher Court

Cash and equivalents:		
Unrestricted	$	229,067
Restricted, tenant security deposits		21,337
Other investments, restricted:		
Replacement reserve		36,035
Total cash and investments	$	286,439

Westlawn Renaissance III

Cash and equivalents:		
Unrestricted	$	2,024,584
Restricted, tenant security deposits		61,586
Other investments, restricted:		
Construction cash		1,631,028
Total cash and investments	$	3,717,198

Merrill Park

Cash and equivalents:		
Unrestricted	$	580,301
Restricted, tenant security deposits		25,175
Total cash and investments	$	605,476

Restricted Assets

Following is a list of restricted assets at December 31, 2020:

Cash and equivalents:	
Tenant security deposits	$ 1,113,282
Replacement reserve	3,939,226
Family self-sufficiency escrow	112,149
Housing choice voucher	2,410,659
Investments:	
Debt service	39,698
Construction funds	2,513,896
Housing choice voucher	790
Total cash and investments	10,129,700
Deferred mortgage receivable	677,025
Total restricted assets	10,806,725
Less current amounts	(7,575,316)
Total noncurrent restricted assets	$ 3,231,409

Capital Assets

Capital asset activity for the Authority for the year ended December 31, 2020, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Housing Authority				
Capital assets not being depreciated:				
Land	$ 35,191,458	$ 110,000	$ 732,822	$ 34,568,636
Construction in process	34,753,809	16,109,761	26,690,875	24,172,695
Total capital assets not being depreciated	69,945,267	16,219,761	27,423,697	58,741,331
Capital assets being depreciated:				
Buildings and land improvements	265,807,027	150,031	5,741,318	260,215,740
Equipment	3,415,082	-	109,873	3,305,209
Total capital assets being depreciated	269,222,109	150,031	5,851,191	263,520,949
Total capital assets	339,167,376	16,369,792	33,274,888	322,262,280
Less accumulated depreciation for:				
Buildings and improvements	(215,068,288)	(4,806,056)	4,459,365	(215,414,979)
Equipment	(2,825,076)	(120,883)	107,434	(2,838,525)
Total accumulated depreciation	(217,893,364)	(4,926,939)	4,566,799	(218,253,504)
Net capital assets being depreciated	51,328,745	(4,776,908)	1,284,392	45,267,445
Total capital assets, net of accumulated depreciation	$ 121,274,012	$ 11,442,853	$ 28,708,089	$ 104,008,776

Construction in progress at December 31, 2020 included approximately $23,000,000 of costs incurred in connection with the Westlawn Renaissance IV, V and VI projects pursuant to reimbursement agreements with the related entity.

Component Units

Capital asset activity for Carver Park for the year ended December 31, 2020, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Carver Park				
Capital assets not being depreciated:				
Land	$ 772,096	$ -	$ -	$ 772,096
Capital assets being depreciated:				
Land improvements	232,263	-	-	232,263
Buildings and improvements	17,051,501	-	-	17,051,501
Equipment	218,937	24,212	-	243,149
Total capital assets being depreciated	17,502,701	24,212	-	17,526,913
Total capital assets	18,274,797	24,212	-	18,299,009
Less accumulated depreciation for:				
Land improvements	(225,517)	(763)	-	(226,280)
Buildings and improvements	(11,351,052)	(620,055)	-	(11,971,107)
Equipment	(131,704)	(40,303)	-	(172,007)
Total accumulated depreciation	(11,708,273)	(661,121)	-	(12,369,394)
Net capital assets being depreciated	5,794,428	(636,909)	-	5,157,519
Total capital assets, net of accumulated depreciation	$ 6,566,524	$ (636,909)	$ -	$ 5,929,615

Capital asset activity for Highland Park for the year ended December 31, 2020, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Highland Park				
Capital assets not being depreciated:				
Land	$ 142,500	$ -	$ -	$ 142,500
Capital assets being depreciated:				
Land improvements	47,095	-	-	47,095
Buildings and improvements	13,789,061	-	-	13,789,061
Equipment	402,186	23,800	-	425,986
Total capital assets being depreciated	14,238,342	23,800	-	14,262,142
Total capital assets	14,380,842	23,800	-	14,404,642
Less accumulated depreciation for:				
Land improvements	(38,939)	(640)	-	(39,579)
Buildings and improvements	(7,579,692)	(502,432)	-	(8,082,124)
Equipment	(308,421)	(20,874)	-	(329,295)
Total accumulated depreciation	(7,927,052)	(523,946)	-	(8,450,998)
Net capital assets being depreciated	6,311,290	(500,146)	-	5,811,144
Total capital assets, net of accumulated depreciation	$ 6,453,790	$ (500,146)	$ -	$ 5,953,644

Capital asset activity for Cherry Court for the year ended December 31, 2020, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Cherry Court				
Capital assets not being depreciated:				
Land	$ 1,012,646	$ -	$ -	$ 1,012,646
Capital assets being depreciated:				
Land improvements	350,852			350,852
Buildings and improvements	16,829,819			16,829,819
Equipment	245,968	-	-	245,968
Total capital assets being depreciated	17,426,639	-	-	17,426,639
Total capital assets	18,439,285	-	-	18,439,285
Less accumulated depreciation for:				
Land improvements	(227,931)	(17,543)	-	(245,474)
Buildings and improvements	(5,611,527)	(421,324)	-	(6,032,851)
Equipment	(211,150)	(7,733)	-	(218,883)
Total accumulated depreciation	(6,050,608)	(446,600)	-	(6,497,208)
Net capital assets being depreciated	11,376,031	(446,600)	-	10,929,431
Total capital assets, net of accumulated depreciation	$ 12,388,677	$ (446,600)	$ -	$ 11,942,077

Capital asset activity for Convent Hill for the year ended December 31, 2020, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Convent Hill				
Capital assets not being depreciated:				
Land	$ 745,168	$ -	$ -	$ 745,168
Capital assets being depreciated:				
Land improvements	27,702	-	-	27,702
Buildings and improvements	14,356,248	-	-	14,356,248
Equipment	182,860	9,436	-	192,296
Total capital assets being depreciated	14,566,810	9,436	-	14,576,246
Total capital assets	15,311,978	9,436	-	15,321,414
Less accumulated depreciation for:				
Land improvements	(23,613)	(1,635)	-	(25,248)
Buildings and improvements	(6,365,476)	(522,046)	-	(6,887,522)
Equipment	(175,376)	(4,017)	-	(179,393)
Total accumulated depreciation	(6,564,465)	(527,698)	-	(7,092,163)
Net capital assets being depreciated	8,002,345	(518,262)	-	7,484,083
Total capital assets, net of accumulated depreciation	$ 8,747,513	$ (518,262)	$ -	$ 8,229,251

Capital asset activity for Scattered Sites for the year ended December 31, 2020, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Scattered Sites				
Capital assets not being depreciated:				
Land	$ 203,111	$ -	$ -	$ 203,111
Capital assets being depreciated:				
Land improvements	107,879	13,902	-	121,781
Buildings and improvements	5,677,884	-	-	5,677,884
Equipment	57,248	-	-	57,248
Total capital assets being depreciated	5,843,011	13,902	-	5,856,913
Total capital assets	6,046,122	13,902	-	6,060,024
Less accumulated depreciation for:				
Land improvements	(62,747)	(6,027)	-	(68,774)
Buildings and improvements	(1,671,628)	(141,947)	-	(1,813,575)
Equipment	(42,829)	(2,963)		(45,792)
Total accumulated depreciation	(1,777,204)	(150,937)	-	(1,928,141)
Net capital assets being depreciated	4,065,807	(137,035)	-	3,928,772
Total capital assets, net of accumulated depreciation	$ 4,268,918	$ (137,035)	$ -	$ 4,131,883

Capital asset activity for Scattered Sites II for the year ended December 31, 2020, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Scattered Sites II				
Capital assets not being depreciated:				
Land	$ 136,671	$ -	$ -	$ 136,671
Capital assets being depreciated:				
Land improvements	-	6,690	-	6,690
Buildings and improvements	6,600,403	-	-	6,600,403
Equipment	54,089	-	-	54,089
Total capital assets being depreciated	6,654,492	6,690	-	6,661,182
Total capital assets	6,791,163	6,690	-	6,797,853
Less accumulated depreciation for:				
Land improvements	-	(280)	-	(280)
Buildings and improvements	(1,679,047)	(165,010)	-	(1,844,057)
Equipment	(32,601)	(4,362)	-	(36,963)
Total accumulated depreciation	(1,711,648)	(169,652)	-	(1,881,300)
Net capital assets being depreciated	4,942,844	(162,962)	-	4,779,882
Total capital assets, net of accumulated depreciation	$ 5,079,515	$ (162,962)	$ -	$ 4,916,553

Capital asset activity for Olga Village for the year ended December 31, 2020, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Olga Village				
Capital assets not being depreciated:				
Land	$ 573,017	$ -	$ -	$ 573,017
Capital assets being depreciated:				
Land improvements	508,842	-	-	508,842
Buildings and improvements	11,907,202	-	-	11,907,202
Equipment	329,210	-	-	329,210
Total capital assets being depreciated	12,745,254	-	-	12,745,254
Total capital assets	13,318,271	-	-	13,318,271
Less accumulated depreciation for:				
Land improvements	(282,837)	(33,923)	-	(316,760)
Buildings and improvements	(2,584,736)	(297,803)	-	(2,882,539)
Equipment	(319,715)	(2,746)	-	(322,461)
Total accumulated depreciation	(3,187,288)	(334,472)	-	(3,521,760)
Net capital assets being depreciated	9,557,966	(334,472)	-	9,223,494
Total capital assets, net of accumulated depreciation	$ 10,130,983	$ (334,472)	$ -	$ 9,796,511

Capital asset activity for Westlawn Renaissance for the year ended December 31, 2020, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Westlawn Renaissance				
Capital assets not being depreciated:				
Land	$ 2,637,572	$ -	$ -	$ 2,637,572
Capital assets being depreciated:				
Land improvements	3,014,584	15,450	-	3,030,034
Buildings and improvements	67,895,672	14,456	-	67,910,128
Equipment	2,171,158	135,603	-	2,306,761
Total capital assets being depreciated	73,081,414	165,509	-	73,246,923
Total capital assets	75,718,986	165,509	-	75,884,495
Less accumulated depreciation for:				
Land improvements	(1,123,883)	(150,729)	-	(1,274,612)
Buildings and improvements	(12,765,612)	(1,710,714)	-	(14,476,326)
Equipment	(1,422,373)	(235,828)	-	(1,658,201)
Total accumulated depreciation	(15,311,868)	(2,097,271)	-	(17,409,139)
Net capital assets being depreciated	57,769,546	(1,931,762)	-	55,837,784
Total capital assets, net of accumulated depreciation	$ 60,407,118	$ (1,931,762)	$ -	$ 58,475,356

Capital asset activity for Lapham Park for the year ended December 31, 2020, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Lapham Park				
Capital assets not being depreciated:				
Land	$ 836,946	$ -	$ -	$ 836,946
Capital assets being depreciated:				
Land improvements	62,060	-	-	62,060
Buildings and improvements	31,035,268	46,598	-	31,081,866
Equipment	479,952	48,954	-	528,906
Total capital assets being depreciated	31,577,280	95,552	-	31,672,832
Total capital assets	32,414,226	95,552	-	32,509,778
Less accumulated depreciation for:				
Land improvements	(21,661)	(3,103)	-	(24,764)
Buildings and improvements	(6,075,242)	(779,325)	-	(6,854,567)
Equipment	(326,663)	(53,063)	-	(379,726)
Total accumulated depreciation	(6,423,566)	(835,491)	-	(7,259,057)
Net capital assets being depreciated	25,153,714	(739,939)	-	24,413,775
Total capital assets, net of accumulated depreciation	$ 25,990,660	$ (739,939)	$ -	$ 25,250,721

Capital asset activity for Westlawn Renaissance II for the year ended December 31, 2020, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Westlawn Renaissance II				
Capital assets not being depreciated:				
Land	$ 385,493	$ -	$ -	$ 385,493
Capital assets being depreciated:				
Land improvements	748,418	-	-	748,418
Buildings and improvements	23,238,321	-	-	23,238,321
Equipment	313,064	-	-	313,064
Total capital assets being depreciated	24,299,803	-	-	24,299,803
Total capital assets	24,685,296	-	-	24,685,296
Less accumulated depreciation for:				
Land improvements	(37,164)	(37,421)	-	(74,585)
Buildings and improvements	(596,943)	(580,958)	-	(1,177,901)
Equipment	(31,990)	(31,306)	-	(63,296)
Total accumulated depreciation	(666,097)	(649,685)	-	(1,315,782)
Net capital assets being depreciated	23,633,706	(649,685)	-	22,984,021
Total capital assets, net of accumulated depreciation	$ 24,019,199	$ (649,685)	$ -	$ 23,369,514

Capital asset activity for Holton Terrace for the year ended December 31, 2019, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Holton Terrace				
Capital assets not being depreciated:				
Land	$ 280,000	$ 128,000	$	$ 408,000
Construction in progress	2,018,281	-	2,018,281	-
Total capital assets not being depreciated	2,298,281	128,000	2,018,281	408,000
Capital assets being depreciated:				
Land improvements	-	75,391	-	75,391
Buildings and improvements	4,480,000	4,738,065	-	9,218,065
Equipment	-	320,845	-	320,845
Total capital assets being depreciated	4,480,000	5,134,301	-	9,614,301
Total capital assets	6,778,281	5,262,301	2,018,281	10,022,301
Less accumulated depreciation for:				
Land improvements	-	(1,602)	-	(1,602)
Buildings and improvements	(56,000)	(169,017)	-	(225,017)
Equipment	-	(16,310)	-	(16,310)
Total accumulated depreciation	(56,000)	(186,929)	-	(242,929)
Net capital assets being depreciated	4,424,000	4,947,372	-	9,371,372
Total capital assets, net of accumulated depreciation	$ 6,722,281	$ 5,075,372	$ 2,018,281	$ 9,779,372

Capital asset activity for Becher Court for the year ended December 31, 2020, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Becher Court				
Capital assets not being depreciated:				
Construction in progress	$ -	$ 2,257,240	$ -	$ 2,257,240
Capital assets being depreciated:				
Buildings and improvements	-	3,610,000	-	3,610,000
Total capital assets being depreciated	-	3,610,000	-	3,610,000
Total capital assets	-	5,867,240	-	5,867,240
Less accumulated depreciation for:				
Buildings and improvements	-	(45,125)	-	(45,125)
Total accumulated depreciation	-	(45,125)	-	(45,125)
Net capital assets being depreciated	-	3,564,875	-	3,564,875
Total capital assets, net of accumulated depreciation	$ -	$ 5,822,115	$ -	$ 5,822,115

Capital asset activity for Westlawn Renaissance III for the year ended December 31, 2020, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Westlawn Renaissance III				
Capital assets not being depreciated:				
Land	$ -	$ 243,789	$ -	$ 243,789
Capital assets being depreciated:				
Land improvements	-	291,609	-	291,609
Buildings and improvements	-	32,521,359	-	32,521,359
Equipment	-	615,088	-	615,088
Total capital assets being depreciated	-	33,428,056	-	33,428,056
Total capital assets	-	33,671,845	-	33,671,845
Less accumulated depreciation for:				
Land improvements	-	(12,670)	-	(12,670)
Buildings and improvements	-	(708,656)	-	(708,656)
Equipment	-	(53,207)	-	(53,207)
Total accumulated depreciation	-	(774,533)	-	(774,533)
Net capital assets being depreciated	-	32,653,523	-	32,653,523
Total capital assets, net of accumulated depreciation	$ -	$ 32,897,312	$ -	$ 32,897,312

Capital asset activity for Merrill Park for the year ended December 31, 2020, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Merrill Park				
Capital assets not being depreciated:				
Land	$ -	$ 360,000	$ -	$ 360,000
Construction in progress	-	3,940,087	-	3,940,087
Total capital assets not being depreciated	-	4,300,087	-	4,300,087
Capital assets being depreciated:				
Buildings and improvements	-	3,330,000	-	3,330,000
Total capital assets being depreciated	-	3,330,000	-	3,330,000
Total capital assets	-	7,630,087	-	7,630,087
Less accumulated depreciation for:				
Buildings and improvements	-	(83,250)	-	(83,250)
Total accumulated depreciation	-	(83,250)	-	(83,250)
Net capital assets being depreciated	-	3,246,750	-	3,246,750
Total capital assets, net of accumulated depreciation	$ -	$ 7,546,837	$ -	$ 7,546,837

Notes Receivable

Note receivable activity for the Authority for the year ended December 31, 2020, was as follows:

Component Unit	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Highland Park	$ 2,107,755	$ -	$ 2,185	$ 2,105,570	$ 2,296
Cherry Court	8,687,203	-	-	8,687,203	-
Convent Hill	6,875,874	-	-	6,875,874	-
Scattered Sites	2,318,300	-	-	2,318,300	-
Scattered Sites II	1,107,578	-	-	1,107,578	-
Olga Village	2,363,334	-	-	2,363,334	-
Westlawn Renaissance	9,260,761	-	-	9,260,761	-
Lapham Park	19,535,097	-	-	19,535,097	-
Westlawn Renaissance II	14,735,636	-	1,704,283	13,031,353	1,376,179
Holton Terrace	5,160,000	-	-	5,160,000	-
Becher Court	-	3,973,000	-	3,973,000	-
Westlawn Renaissance III	-	14,023,208	-	14,023,208	-
Merrill Park	-	3,690,000	-	3,690,000	-
Total notes receivable	$ 72,151,538	$ 21,686,208	$ 1,706,468	$ 92,131,278	$ 1,378,475

See Note 2 for further information on amounts due to the Authority under the component units notes payable section.

Long-Term Obligations

Long-term obligations activity for the Authority for the year ended December 31, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Bond payable:					
Mortgage revenue bonds from direct placement	$ 34,481	$ -	$ 3,888	$ 30,593	$ -
Mortgage revenue bonds	16,105,000		765,000	15,340,000	790,000
Premium	97,645	-	6,439	91,206	-
Subtotal	16,237,126	-	775,327	15,461,799	790,000
Other liabilities:					
Compensated absences	925,965	-	120,984	804,981	285,510
Net pension liability	11,536,000	-	3,526,000	8,010,000	-
Total OPEB liability	9,656,780	3,404,810	-	13,061,590	-
Subtotal	22,118,745	3,404,810	3,646,984	21,876,571	285,510
Total long-term obligations	$ 38,355,871	$ 3,404,810	$ 4,422,311	$ 37,338,370	$ 1,075,510

Other Debt Information

Estimated payments of compensated absences, net pension liability and other post-employment benefits are not included in the debt service requirement schedules.

All of the Agency’s outstanding mortgage revenue bonds payable contain provisions that in an event of default, the balance will become immediately due and payable in addition to other provisions detailed below. Additionally, $15,340,000 of the revenue bonds payable include provisions in the event of default where the mortgagor may foreclose on the mortgaged property in addition to other provisions detailed below.

Mortgage Revenue Bonds

The Authority entered into a trust indenture with the First Bank Trust Company regarding $25,000,000 Single Family Mortgage Revenue Bonds (GNMA collateralized home mortgage revenue bond program) Series 1989 on June 1, 1989. The bond proceeds were used to purchase fully modified pass-through mortgage-backed securities (GNMA certificates) guaranteed by the Government National Mortgage Association. The securities are backed by qualifying mortgage loans on residences located in the City of Milwaukee originated by lenders participating in the home mortgage revenue bond program. The GNMA certificates are pledged for the payment of principal and interest on the bonds. Under the GNMA collateralized home mortgage revenue bond program, the interest payable on the bonds is equivalent to the interest earnings on the GNMA certificates plus interest earnings on investments in the various trust funds, less any fees paid. As a result, the Authority does not recognize any income or expense from the bond issue. The bonds are redeemed as mortgage payments are received. The bonds are scheduled to mature on December 1, 2022. Bonds payments totaled $3,888 in 2020. Bonds outstanding at December 31, 2020 totaled $30,593.

The entire principal outstanding on this issue has been included with the principal payment for 2022 in the schedule of future debt payments due to the nature of the agreement between the trustee and the Authority. As principal payments on the debt are based upon mortgage repayments, current annual classification of this information is not available.

The Authority issued mortgage revenue bonds amounting to $13,635,000 for Veterans Housing Programs in 2015. The purpose of the bond issue is to currently refund the outstanding balance of the 2002 Veterans Bonds of $6,325,000 and to finance costs of renovation and improvements to the Authority's Berryland, Northlawn, Southlawn and Southlawn Park Housing Developments. Principal payments are due annually until maturity of the bonds on July 1, 2035. Interest is due on a semi-annual basis ranging from an interest rate of 0.640-5.000 percent. Bond payments totaled $200,000 in 2020. Bonds outstanding at December 31, 2020 totaled $12,735,000. In order to secure its obligations under the Financing Agreement, the Authority has granted to the Credit Provider a security interest in all of the Authority's rights in and to all funds and accounts created or established under the indenture subordinate in all respects to the Trustee's interest in such funds and accounts pursuant to the indenture. In addition, a replacement reserve is required to be funded with monthly deposits of $24,500.

The Authority issued mortgage revenue bonds amounting to $5,410,000 for Veterans Housing Programs in 2015. The purpose of the bond issue is to finance costs of construction of market-rate housing in the City of Milwaukee. Principal payments are due annually until maturity of the bonds. Interest is due on a semi-annual basis ranging from an interest rate of 0.688 – 3.522 percent. The date of maturity is June 1, 2025. Bond payments totaled $565,000 in 2020. Bonds outstanding at December 31, 2020 totaled $2,605,000. In order to secure its obligations under the Financing Agreement, the Authority has granted to the Credit Provider a security interest in all of the Authority's rights in and to all funds and accounts created or established under the indenture subordinate in all respects to the Trustee's interest in such funds and accounts pursuant to the indenture.

Mortgage revenues bonds payable and promissory note at December 31, 2020, are as follows:

Mortgage Revenue Bonds	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2020
Mortgage revenue bonds	06/01/89	12/01/22	Varies	$ 25,000,000	$ 30,593
Mortgage revenue bonds	03/01/15	07/01/25	Varies	5,410,000	2,605,000
Mortgage revenue bonds	03/01/15	07/01/35	Varies	13,635,000	12,735,000
Total governmental activities					$ 15,370,593

Debt service requirements to maturity for the Authority are as follows:

	Governmental Activities General Obligation Debt		
	Principal	Interest	Total
Years ending December 31:			
2021	$ 790,000	$ 549,707	$ 1,339,707
2022	845,593	524,035	1,369,628
2023	845,000	494,423	1,339,423
2024	875,000	462,801	1,337,801
2025	910,000	429,071	1,339,071
2026-2030	5,085,000	1,612,281	6,697,281
2031-2035	6,020,000	670,081	6,690,081
Total	$ 15,370,593	$ 4,742,399	$ 20,112,992

From time to time, the Authority has issued revenue bonds to provide assistance for private-sector entities to obtain financing for the acquisition, construction or rehabilitation of housing units and for the retirement of existing debts associated with housing units. The bonds are secured by the property financed and are payable solely from payments received on the underlying loans. The Authority is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. There were no amounts of these revenue bonds outstanding at December 31, 2020.

Component Units

Long-term obligations activity for the Component Units of the Authority for the year ended December 31, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Component Units					
Highland Park:					
Notes payable	$ 1,327,460	$	$ 39,158	$ 1,288,302	$ 25,129
Notes and land lease payable to primary government	2,107,755		2,185	2,105,570	2,296
Unamortized debt costs	(954)		5,617	(6,571)	-
Total Highland Park	$ 3,434,261	$	$ 46,960	$ 3,387,301	$ 27,425
Cherry Court:					
Notes payable	$ 809,372	$ -	$ 24,202	$ 785,170	$ 26,920
Notes and land lease payable to primary government	8,687,203	-	-	8,687,203	-
Unamortized debt costs	(4,709)	-	(1,925)	(2,784)	-
Total Cherry Park	$ 9,491,866	$ -	$ 22,277	$ 9,469,589	$ 26,920
Convent Hill:					
Notes payable	$ 843,995	$ -	$ 26,363	$ 817,632	$ 28,362
Notes and land lease payable to primary government	6,875,874	-	-	6,875,874	-
Unamortized debt costs	(3,014)	-	(877)	(2,137)	-
Total Convent Hill	$ 7,716,855	$ -	$ 25,486	$ 7,691,369	$ 28,362
Scattered Sites:					
Notes and land lease payable to primary government	$ 2,318,300	$ -	$ -	$ 2,318,300	$ -
Scattered Sites II:					
Notes and land lease payable to primary government	$ 1,107,578	$ -	$ -	$ 1,107,578	$ -
Olga Village:					
Notes payable	$ 1,171,894	$ -	$ -	$ 1,171,894	$ -
Notes and land lease payable to primary government	2,363,334	-	-	2,363,334	
Unamortized debt costs	(7,747)	-	(248)	(7,499)	-
Total Olga Village	$ 3,527,481	$ -	$ (248)	$ 3,527,729	$ -

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Westlawn Renaissance:					
Notes and land lease payable to primary government	$ 9,260,761	$ -	$ -	$ 9,260,761	$ -
Unamortized debt costs	(13,063)	-	(416)	(12,647)	-
Total Westlawn Renaissance	$ 9,247,698	$ -	$ (416)	$ 9,248,114	$ -
Housing Lapham Park:					
Notes and land lease payable to primary government	$ 19,535,097	$ -	$ -	$ 19,535,097	$ -
Westlawn Renaissance II:					
Notes payable	$ 1,944,795	$ -	$ 21,472	$ 1,923,323	$ 22,554
Notes and land lease payable to primary government	14,735,636	-	1,704,283	13,031,353	1,376,179
Unamortized debt costs	(51,001)	-	(1,478)	(49,523)	-
Total Westlawn Renaissance II	$ 16,629,430	$ -	$ 1,724,277	$ 14,905,153	$ 1,398,733
Holton Terrace:					
Notes payable	$ 514,423	$ 2,341,327	$ -	$ 2,855,750	$ 1,661,272
Notes and land lease payable to primary government	5,160,000	-	-	5,160,000	-
Unamortized debt costs	(49,981)		(22,974)	(27,007)	-
Total Holton Terrace	$ 5,624,442	$ 2,341,327	$ (22,974)	$ 7,988,743	$ 1,661,272
Becher Court:					
Notes payable	$ -	$ 115,854	$ -	$ 115,854	$ -
Notes and land lease payable to primary government	-	3,973,000	-	3,973,000	-
Unamortized debt costs	-	(31,080)	-	(31,080)	-
Total Becher Court	$ -	$ 4,057,774	$ -	$ 4,057,774	$ -
Westlawn Renaissance III:					
Notes payable	$ -	$ 17,000,000	$ -	$ 17,000,000	$ 16,386,854
Notes and land lease payable to primary government	-	14,023,208	-	14,023,208	-
Unamortized debt costs	-	(55,769)	-	(55,769)	-
Total Westlawn Renaissance III	$ -	$ 30,967,439	$ -	$ 30,967,439	$ 16,386,854

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Merrill Park:					
Notes payable	$ -	$ 1,125,151	$ -	$ 1,125,151	$ 562,152
Notes and land lease payable to primary government	-	3,690,000	-	3,690,000	-
Unamortized debt costs	-	(55,744)	-	(55,744)	-
Total Merrill Park	$ -	$ 4,759,407	$ -	$ 4,759,407	$ 562,152

Highland Park Mortgage Notes Payable

Mortgage notes payable consist of the following:

A mortgage note payable to US Bank, the investor member. The loan requires monthly payments of $11,294, including interest at 6.39 percent and commencing July 1, 2020 payments of $5,923, including interest at 3.60 percent. The note originally due July 1, 2020 was extended to July 1, 2022. The loan is nonrecourse and collateralized by rental property. Accrued interest was $2,834 as of December 31, 2020. The loan agreement with U.S. Bank requires the company to not make distributions to the members if immediately prior to or after such distribution, the debt service coverage ratio would be less than 1.0.

A mortgage note (Land loan) payable to the Authority. The Land loan requires monthly payments of $627 including interest at 5.0 percent. The note is due March 31, 2045. The Land loan is nonrecourse and collateralized by the land and a general business security agreement.

A mortgage note (Hope VI loan) payable to the Authority. The loan accrues interest at 5.21 percent compounded annually. Principal and interest are payable to the extent of available cash flow. The Hope VI loan is due August 31, 2035. The Hope VI loan is nonrecourse and collateralized by the rental property and a general business security agreement. Accrued interest was $2,507,568 as of December 31, 2020.

Interest expense on notes payable to the Authority totaled $228,553 for the year ended December 31, 2020.

A summary of the mortgage notes payable as of December 31, 2020, are as follows:

U.S. Bank	$ 1,288,302
HACM (Land loan)	105,570
HACM (HOPE VI loan)	2,000,000
Total Highland Park mortgage notes payable	3,393,872
Less unamortized debt issuance costs	(6,571)
Less current maturities	(27,425)
	$ 3,359,876

Debt service requirements to maturity are as follows:

	Principal	Interest	Total
Years ending December 31:			
2021	$ 27,425	$ 219,826	$ 247,251
2022	1,265,587	109,309	1,374,896
2023	2,537	109,185	111,722
2024	2,667	109,055	111,722
2025	2,804	108,919	111,723
2026-2030	16,323	542,291	558,614
2031-2035	2,020,948	502,932	2,523,880
2036-2040	26,884	10,730	37,614
2041-2045	28,697	3,209	31,906
Total	$ 3,393,872	$ 1,715,456	$ 5,109,328

Cherry Court Mortgage Notes Payable

Mortgage notes payable consist of the following:

A mortgage note payable, is due to Verve Credit Union (f/k/a First Service Credit Union). The loan requires monthly payments of $6,752, including interest at 7.0 percent. The note is due in September 10, 2022. The mortgage note is nonrecourse and collateralized by rental property including assignment of rents and leases thereon.

A mortgage note (Land loan) payable to the Authority. The Land loan accrues interest at 7.0 percent per year, compounded annually. Principal and interest are payable to the extent of available cash flow. The unpaid principal and accrued interest is due June 19, 2056. Accrued interest was $78,850 as of December 31, 2020. The Land loan is nonrecourse and collateralized by the rental property and a general business security agreement.

A mortgage note (Hope VI loan) payable to the Authority. The Hope VI loan accrues interest at 5.32 percent compounded annually. Principal and interest are payable to the extent of available cash flow. The unpaid principal and accrued interest is due June 19, 2046. Accrued interest was $1,909,433 as of December 31, 2020. The Hope VI loan is nonrecourse and collateralized by the rental property and a general business security agreement.

A mortgage note (Other federal funds loan) payable to the Authority. The Other federal funds loan accrues interest at 2.0 percent per year, compounded annually. Principal and interest are payable to the extent of available cash flow. The unpaid principal and accrued interest is due June 19, 2046. Accrued interest was $1,980,472 as of December 31, 2020. The loan is nonrecourse and collateralized by the rental property and a general business security agreement.

A mortgage note (AHP loan) payable to the Authority. The AHP loan is noninterest bearing. Principal is payable to the extent of available cash flow. The unpaid principal is due June 19, 2046. The loan is nonrecourse and collateralized by the rental property and a general business security agreement.

Interest expense on notes payable to the Authority totaled $361,320 for the year ended December 31, 2020.

A summary of the mortgage notes payable as of December 31, 2020, are as follows:

Verve Credit Union	$ 785,170
HACM (Land loan)	126,995
HACM (HOPE VI loan)	1,751,667
HACM (Other federal funds loan)	6,328,541
HACM (AHP)	480,000
Total Cherry Court mortgage notes payable	9,472,373
Less unamortized debt issuance costs	(2,784)
Less current maturities	(26,920)
	$ 9,442,669

Debt service requirements to maturity are as follows:

	Principal	Interest	Total
Years ending December 31:			
2021	$ 26,920	$ 281,858	$ 308,778
2022	758,250	267,273	1,025,523
2023	-	228,649	228,649
2024	-	228,649	228,649
2025	-	228,649	228,649
2026-2030	-	1,143,246	1,143,246
2031-2035	-	1,143,246	1,143,246
2036-2040	-	1,143,246	1,143,246
2041-2045	-	1,143,246	1,143,246
2046-2050	8,577,104	154,328	8,731,432
2051-2055	-	44,448	44,448
2056	110,099	4,445	114,544
Total	$ 9,472,373	$ 6,011,283	$ 15,483,656

Convent Hill Mortgage Notes Payable

Mortgage notes payable consist of the following:

A mortgage note payable to Summit Credit Union (Summit). The Summit loan requires monthly payments of $7,064 including interest at 7.0 percent. The note is due August 10, 2023. The loan collateralized by a mortgage on the rental property and an assignment of rents and leases, thereon. Prepayment of the mortgage is subject to a prepayment premium.

A subordinated mortgage note (Federal Funds loan) payable to the Authority. The Federal Funds loan accrues interest at 2.75 percent per annum, compounded annually. Principal and interest are payable to the extent of available cash flow. The unpaid principal and accrued interest are due on February 1, 2048. The loan is guaranteed by the manager and collateralized by a subordinated mortgage on the rental property and a general business security agreement. Prepayment is allowed under the terms of the mortgage note. Interest accrued was $2,208,914 as of December 31, 2020.

A subordinated mortgage note (Other Funds loan) payable to the Authority. The Other Funds loan is noninterest bearing. Principal is payable to the extent of available cash flow. The unpaid principal is due on February 1, 2048. The loan is guaranteed by the manager and collateralized by a subordinated mortgage on the rental property and a general business security agreement. Prepayment is allowed under the terms of the mortgage note.

A subordinated mortgage note (AHP loan) payable to the Authority. The AHP loan will be noninterest bearing. Principal will be payable to the extent of available cash flow, as defined in the operating agreement. The unpaid principal will be due February 1, 2048. The loan will be guaranteed by the manager and collateralized by a subordinated mortgage on the rental property and a general business security agreement. Prepayment will be allowed under the terms of the mortgage note.

Interest expense on notes payable to the Authority totaled $212,786 for the year ended December 31, 2020.

A summary of the mortgage notes payable as of December 31, 2020, are as follows:

Credit Union (Summit)	$ 817,632
HACM (Federal Funds loan)	5,741,537
HACM (Other Funds loan)	734,337
HACM (AHP loan)	400,000
Total Convent Hill mortgage notes payable	7,693,506
Less unamortized debt issuance costs	(2,137)
Less current maturities	(28,362)
	$ 7,663,007

Debt service requirements to maturity are as follows:

	Principal	Interest	Total
Years ending December 31:			
2021	$ 28,362	$ 215,444	$ 243,806
2022	30,412	213,471	243,883
2023	758,858	211,356	970,214
2024	-	209,237	209,237
2025	-	206,665	206,665
2026-2030	223,328	990,365	1,213,693
2031-2035	316,636	897,058	1,213,694
2046-2040	194,373	798,365	992,738
2041-2045	-	789,849	789,849
2046-2048	6,141,537	329,104	6,470,641
Total	$ 7,693,506	$ 4,860,914	$ 12,554,420

Scattered Sites Mortgage Notes Payable

Mortgage notes payable consist of the following:

A mortgage note (Federal Funds loan) payable to the Authority. The Federal Funds loan accrues interest at 3.0 percent per annum. Principal and interest is payable to the extent of cash flow. The unpaid principal and accrued interest is due September 25, 2057. Accrued interest was $983,726 as of December 31, 2020. The Federal Funds loan is recourse and collateralized by the rental property and a general business security agreement. Prepayment will be allowed under the terms of the mortgage note.

A subordinated mortgage note (Other Funds loan) payable to the Authority. The Other Funds loan is noninterest bearing. Principal is payable to the extent of available cash flow. The unpaid principal is due September 25, 2057. The Other Funds loan is recourse and collateralized by the rental property and a general business security agreement.

Interest expense on notes payable to the Authority totaled $92,730 for the year ended December 31, 2020.

A summary of the mortgage notes payables as of December 31, 2020, are as follows:

HACM (Federal Funds loan)	$ 2,200,000
HACM (Other Funds loan)	118,300
Total Scattered Sites mortgage notes payable	2,318,300
Less current maturities	-
	$ 2,318,300

Debt service requirements to maturity are as follows:

	Principal	Interest	Total
Years ending December 31:			
2021	$ -	$ 66,000	$ 66,000
2022	-	66,000	66,000
2023	-	66,000	66,000
2024	-	66,000	66,000
2025	-	66,000	66,000
2026-2030	-	330,000	330,000
2031-2035	-	330,000	330,000
2036-2040	-	330,000	330,000
2041-2045	-	330,000	330,000
2046-2050	-	330,000	330,000
2051-2055	-	330,000	330,000
2056-2057	2,318,300	99,000	2,417,300
Total	$ 2,318,300	$ 2,409,000	$ 4,727,300

Scattered Sites II Mortgage Notes Payable

Mortgage notes payable consist of the following:

A mortgage note (Hope VI Loan) payable to the Authority. The Hope VI Loan is secured by a first mortgage and accrues interest at 8.0 percent per annum. Principal and interest are payable to the extent of cash flow. The unpaid principal and accrued interest is due December 9, 2058. Accrued interest was $1,358,104 as of December 31, 2020.

A mortgage note (Other Federal) payable to the Authority. The Other Federal loan is secured by a second mortgage and is noninterest bearing. Principal is payable to the extent of cash flow. The unpaid principal is due May 5, 2059.

Interest expense on notes payable to the Authority totaled $172,720 for the year ended December 31, 2020.

A summary of the mortgage notes payables as of December 31, 2020, are as follows:

HACM (Hope VI loan)	$ 973,620
HACM (Other Funds loan)	133,958
Total Scattered Sites II mortgage notes payable	1,107,578
Less current maturities	-
	$ 1,107,578

Debt service requirements to maturity are as follows:

	Principal	Interest	Total
Years ending December 31:			
2021	$ -	$ 77,890	$ 77,890
2022	-	77,890	77,890
2023	-	77,890	77,890
2024	-	77,890	77,890
2025	-	77,890	77,890
2026-2030	-	389,448	389,448
2031-2035	-	389,448	389,448
2036-2040	-	389,448	389,448
2041-2045	-	389,448	389,448
2046-2050	-	389,448	389,448
2051-2055	-	389,448	389,448
2055-2059	1,107,578	227,178	1,334,756
Total	$ 1,107,578	$ 2,953,316	$ 4,060,894

Olga Village Mortgage Notes Payable

Mortgage notes payable consist of the following:

A mortgage note (Long Term Construction Loan) payable to the Authority. The principal and accrued interest outstanding on the note shall be paid to the extent of available cash flow, as defined by the operating agreement. The loan shall bear interest at 1.00 percent annually. The unpaid principal and accrued interest is due November 24, 2049. Accrued interest was $208,002 at December 31, 2020. The loan is collateralized by a mortgage on the rental property and a general business security agreement.

Mortgage notes payable of $171,000 and $1,288,493 with United Community Center, Inc, maturing November 9, 2051. The principal and accrued interest outstanding on the notes shall be paid to the extent of available cash flow, as defined by the operating agreement. The loans shall bear interest at the rate of 2.50 percent. Accrued interest on the $171,000 loan was $39,084 at December 31, 2020. Accrued interest on the $1,288,493 loan was $228,546 at December 31, 2020. These loans are collateralized by a mortgage on the rental property.

A mortgage note (Additional Funds loan) payable to the Authority. The principal and accrued interest outstanding on the note shall be paid to the extent of available cash flow, as defined by the operating agreement. The loan shall bear interest at the rate of 1.00 percent. The unpaid principal and accrued interest is due November 9, 2051. Accrued interest was $18,604 at December 31, 2020. The loan is collateralized by a mortgage on the rental property.

Interest expense on notes payable to the Authority totaled $23,633 for the year ended December 31, 2020.

A summary of the mortgage notes payables as of December 31, 2020, are as follows:

HACM (Long-term construction loan)	$ 2,166,726
HACM (Additional Funds loan)	196,608
United Community Center (Roof note)	171,000
United Community Center (Other funds note)	1,000,894
Total Olga Village mortgage notes payable	3,535,228
Less unamortized debt issuance costs	(7,499)
Less current maturities	-
	$ 3,527,729

Debt service requirements to maturity are as follows:

	Principal	Interest	Total
Years ending December 31:			
2021	$ -	$ 54,002	$ 54,002
2022	-	54,002	54,002
2023	-	54,002	54,002
2024	-	54,002	54,002
2025	-	54,002	54,002
2026-2030	-	270,010	270,010
2031-2035	-	270,010	270,010
2036-2040	-	270,010	270,010
2041-2045	-	270,010	270,010
2046-2050	2,166,726	246,537	2,413,263
2051	1,368,502	27,754	1,396,256
Total	$ 3,535,228	$ 1,624,341	$ 5,159,569

Westlawn Renaissance Mortgage Notes Payable

Mortgage notes payable consist of the following:

A mortgage note (Land loan) payable to the Authority. Monthly payments of $6,733 including interest beginning January 10, 2013 are paid from available cash flow. The loan matures on June 15, 2051. The loan shall bear interest at the rate of 4.05 percent compounded annually. Prepayment is allowed anytime without penalty. The loan is collateralized by a mortgage on the rental property, including the assignment of rents thereon and a general business security agreement. Accrued interest was $277,253 at December 31, 2020.

A construction and term loan (Long Term Construction loan) payable to the Authority. The principal and accrued interest outstanding on the note shall be paid from available cash flows. The loan shall bear interest at the rate of 4 percent compounded annually. The loan matures on June 15, 2051. Prepayment is allowed anytime without penalty. The loan is collateralized by a mortgage on a rental property, including the assignment of rents thereon and a general business security agreement. Accrued interest was $1,273,713 at December 31, 2020.

Interest expense on notes payable to the Authority totaled $416,708 for the year ended December 31, 2020.

A summary of the mortgage notes payables as of December 31, 2020, are as follows:

HACM (Land loan)	$ 1,610,911
HACM (Long-term construction loan)	7,649,850
Total Westlawn Renaissance mortgage notes payable	9,260,761
Less unamortized debt issuance costs	(12,647)
Less current maturities	-
	$ 9,248,114

Debt service requirements to maturity are as follows:

	Principal	Interest	Total
Years ending December 31:			
2021	$ -	$ 372,506	$ 372,506
2022	-	372,506	372,506
2023	-	372,506	372,506
2024	-	372,506	372,506
2025	-	372,506	372,506
2026-2030	-	1,862,532	1,862,532
2031-2035	-	1,862,532	1,862,532
2036-2040	-	1,862,532	1,862,532
2041-2045	-	1,862,532	1,862,532
2046-2050	-	1,811,321	1,811,321
2051	9,260,761	201,774	9,462,535
Total	$ 9,260,761	$ 11,325,753	$ 20,586,514

Lapham Park Mortgage Notes Payable

Mortgage notes payable consist of the following:

A mortgage note (Long Term Construction loan) payable to the Authority. The principal and interest on the note shall be paid from time to time to the extent of available cash flow. The loan shall bear interest at the rate of 0.19 percent through the date the second installment of equity is received from the investor member and noninterest bearing thereafter. The loan matures on February 29, 2052. The loan is collateralized by a mortgage on the rental property and a general business security agreement.

A mortgage note (AHP loan) payable to the Authority. The principal and interest on the note shall be paid from time to time to the extent of available cash flow. Interest accrues at a rate equal to the long term annual Applicable Federal rate in effect for the month in which the loan is made (2.60 percent). The loan matures on February 29, 2052. The loan is collateralized by a mortgage on the rental property and a general business security agreement. Accrued interest was $69,772 at December 31, 2020.

Interest expense on notes payable to the Authority totaled $8,721 for the year ended December 31, 2020.

A summary of the mortgage notes payables as of December 31, 2020, are as follows:

HACM (Long-term construction loan)	$ 19,199,657
HACM (AHP loan)	335,440
Total Lapham Park mortgage notes payable	19,535,097
Less current maturities	-
	$ 19,535,097

Debt service requirements to maturity are as follows:

	Principal	Interest	Total
Years ending December 31:			
2021	$ -	$ 8,721	$ 8,721
2022	-	8,721	8,721
2023	-	8,721	8,721
2024	-	8,721	8,721
2025	-	8,721	8,721
2026-2030	-	43,607	43,607
2031-2035	-	43,607	43,607
2036-2040	-	43,607	43,607
2041-2045	-	43,607	43,607
2046-2050	-	43,607	43,607
2051-2052	19,535,097	17,443	19,552,540
Total	$ 19,535,097	$ 279,083	$ 19,814,180

Westlawn Renaissance II Mortgage Notes Payable

Mortgage notes payable consist of the following:

Victory Manor:

A mortgage note payable to WHEDA. Monthly payments of $3,938 including interest at 5.9 percent beginning October 1, 2019. The loan matures on August 31, 2054. Prepayment is allowed with penalty as defined in the note. The loan is collateralized by a mortgage on the rental property and assignment of leases and rents thereon; nonrecourse; subject to a prepayment penalty as defined in the note. Unamortized debt issuance costs associated with this note totaled $25,639 as of December 31, 2020.

A mortgage note (Land loan) payable to the Authority. The principal and accrued interest outstanding on the note shall be paid from available cash flows. The loan matures on March 30, 2067. The loan shall bear interest at the rate of 2.78 percent compounded annually. Prepayment is allowed anytime without penalty. The loan is collateralized by a mortgage on the rental property, including the assignment of rents thereon and a general business security agreement. Accrued interest was $25,020 at December 31, 2020.

A construction and term loan (Long Term Construction loan) payable to the Authority. The principal and accrued interest outstanding on the note shall be paid from available cash flows. The loan shall bear interest at the rate of 2.45 percent compounded annually. The loan matures on March 30, 2057. Prepayment is allowed anytime without penalty. The loan is collateralized by a mortgage on a rental property, including the assignment of rents thereon and a general business security agreement. Accrued interest was $343,546 at December 31, 2020.

A construction and term loan (Long Term Construction loan) payable to the Authority. The principal and interest on the note shall be paid from time to time to the extent of available cash flow. The loan shall bear interest at the rate of 2.45 percent through the date the second installment of equity is received from the investor member and noninterest bearing thereafter. The loan matures on March 30, 2057. Prepayment is allowed anytime without penalty. The loan is collateralized by a mortgage on the rental property and a general business security agreement. Accrued interest was $96,584 as of December 31, 2020.

Interest expense on notes payable to the Authority totaled $204,679 for the year ended December 31, 2020.

WG Scattered Sites:

A mortgage note payable to WHEDA. Monthly Payments of $5,821 including interest at 4.5 percent beginning October 1, 2019. The loan matures on August 31, 2054. The loan is collateralized by a mortgage on the rental property and assignment of leases and rents thereon; nonrecourse; subject to a prepayment penalty as defined in the note. Unamortized debt issuance costs associated with this note totaled $23,884 as of December 31, 2020.

A mortgage note (Land loan) payable to the Authority. The principal and accrued interest outstanding on the note shall be paid from available cash flows. The loan matures on March 30, 2067. The loan shall bear interest at the rate of 2.78 percent compounded annually. Prepayment is allowed anytime without penalty. The loan is collateralized by a mortgage on the rental property, including the assignment of rents thereon and a general business security agreement. Accrued interest was $12,202 at December 31, 2020.

A construction and term loan (Long Term Construction loan) payable to the Authority. The principal and accrued interest outstanding on the note shall be paid from available cash flows. The loan shall bear interest at the rate of 1.65 percent compounded annually. The loan matures on March 30, 2057. Prepayment is allowed anytime without penalty. The loan is collateralized by a mortgage on a rental property, including the assignment of rents thereon and a general business security agreement. Accrued interest was $87,130 at December 31, 2020.

A construction and term loan (Long Term Construction loan) payable to the Authority. The principal and interest on the note shall be paid from time to time to the extent of available cash flow. The loan is noninterest bearing. The loan matures on September 30, 2019. Prepayment is allowed anytime without penalty. The loan is collateralized by a mortgage on the rental property and a general business security agreement.

WG Scattered Sites has entered into an amended construction and term note with HACM in the amount of $1,805,704. The Principal balance of the loan shall be reduced to $1,295,948 upon return of the deposit associated with the WHEDA bonds. Annual payments, including interest at 1.65 percent, are to be made from available cash flow as defined in the operating agreement. All unpaid principal and interest is due March 30, 2057 and the loan is collateralized by a third mortgage on the project's rental property and a general business agreement. Prepayment is allowed any time. No draws have been made on this loan as of December 31, 2020.

Interest expense on notes payable to the Authority totaled $56,311 for the year ended December 31, 2020.

A summary of the mortgage notes payables as of December 31, 2020, are as follows:

Victory Manor:	
WHEDA loan	$ 711,935
HACM (Land loan)	240,000
HACM (Construction and term loan)	5,422,200
HACM (Construction and term loan)	2,659,705
WG Scattered Sites:	
WHEDA loan	1,211,388
HACM (Land loan)	116,100
HACM (Construction and term loan)	3,217,169
HACM (Construction and term loan)	1,376,179
Total Westlawn Renaissance II mortgage notes payable	14,954,676
Less unamortized debt issuance costs	(49,523)
Less current maturities	(1,398,733)
	$ 13,506,420

Debt service requirements to maturity are as follows:

	Principal	Interest	Total
Years ending December 31:			
2021	$ 1,398,733	$ 355,539	$ 1,754,272
2022	23,691	354,402	378,093
2023	24,887	353,206	378,093
2024	26,144	351,949	378,093
2025	27,466	350,627	378,093
2026-2030	159,667	1,730,797	1,890,464
2031-2035	204,589	1,686,175	1,890,764
2036-2040	262,397	1,628,028	1,890,425
2041-2045	337,017	1,553,448	1,890,465
2046-2050	433,284	1,457,180	1,890,464
2051-2055	401,627	1,339,314	1,740,941
2056-2060	11,299,074	363,360	11,662,434
2061-2065	-	49,498	49,498
2066-2067	356,100	12,374	368,474
Total	$ 14,954,676	$ 11,585,897	$ 26,540,573

Holton Terrace Mortgage Notes Payable

Mortgage notes payable consist of the following:

A mortgage note payable to Associated Bank. The loan requires monthly interest-only payments at the 30-day LIBOR plus 235 basis points (2.50 percent at December 31, 2020). The note is due October 1, 2021. The loan is collateralized by a mortgage on rental property and an assignment of leases and rents thereon. Unamortized debt issuance costs associated with the note totaled $13,626 as of December 31, 2020.

A mortgage note payable to WHEDA not to exceed $1,200,000. The loan requires monthly interest payments until the conversion date in October 2021. At this time, monthly principal payments are required sufficient to achieve a DSCR of 1.20 to 1.0 and interest payments are required beginning November 2021 at a rate of 5.90 percent. The loan matures October 2056. The loan is collateralized by a mortgage on the rental property and assignment of leases and rents thereon. The loan is nonrecourse, prepayment is not allowed prior to conversion and is subject to a prepayment penalty as defined in the note. Unamortized debt issuance costs associated with the note totaled $13,381 as of December 31, 2020.

A mortgage note (Long Term Construction loan) payable to the Authority. The principal and interest on the note shall be paid from time to time to the extent of available cash flow. The loan shall bear interest at the rate of 5 percent. The loan matures on July 8, 2069. The loan is collateralized by a mortgage on the rental property and a general business security agreement. Accrued interest was $29,537 at December 31, 2020.

A mortgage note payable to the Authority. The principal and interest on the note shall be paid from time to time to the extent of available cash flow. Interest accrues at a rate of 5.0 percent. The loan matures on July 8, 2069. The loan is collateralized by a mortgage on the rental property and a general business security agreement. Accrued interest was $353,418 at December 31, 2020.

Interest expense on notes payable to the Authority totaled $197,094 for the year ended December 31, 2020.

A summary of the mortgage notes payables as of December 31, 2020, are as follows:

Associated Bank	$	1,655,750
WHEDA		1,200,000
HACM (Long-term construction loan)		400,000
HACM (other notes)		4,760,000
Total Holton Terrace mortgage notes payable		8,015,750
Less unamortized debt issuance costs		(27,007)
Less current maturities		(1,661,272)
	$	6,327,471

Debt service requirements to maturity are as follows:

	Principal	Interest	Total
Years ending December 31:			
2021	$ 1,661,272	$ 258,000	$ 1,919,272
2022	10,627	328,516	339,143
2023	11,271	327,871	339,142
2024	11,954	327,188	339,142
2025	12,679	326,464	339,143
2026-2030	75,900	1,619,813	1,695,713
2031-2035	101,870	1,593,843	1,695,713
2036-2040	136,725	1,558,989	1,695,714
2041-2045	183,506	1,512,206	1,695,712
2046-2050	246,294	1,449,419	1,695,713
2051-2055	330,565	1,365,148	1,695,713
2056-2060	73,087	1,292,534	1,365,621
2061-2065	-	1,290,000	1,290,000
2066-2069	5,160,000	903,000	6,063,000
Total	$ 8,015,750	$ 14,152,991	$ 22,168,741

Becher Court Mortgage Notes Payable

Mortgage notes payable consist of the following:

A mortgage note payable to WHEDA not to exceed $1,600,000. The loan requires interest only payments at the greater of 3 percent or the 30-day LIBOR rate plus 300 basis points (3.15 percent as of December 31, 2020), adjusted monthly through conversion date, which is January 1, 2023. At this time, monthly principal payments are required sufficient to achieve a DSCR of 1.20 to 1.0 and interest payments are required beginning January 2023 at a rate of 5.35 percent. The loan matures December 2057. The loan is collateralized by a mortgage on the rental property and assignment of leases and rents thereon. The loan is nonrecourse, prepayment is not allowed prior to conversion and is subject to a prepayment penalty as defined in the note. Unamortized debt issuance costs associated with the note totaled $31,080 as of December 31, 2020.

A mortgage note payable to the Authority. The principal and interest on the note shall be paid from time to time to the extent of available cash flow. Interest accrues at a rate of 2.25 percent. The loan matures on July 30, 2070. The loan is collateralized by a mortgage on the rental property and a general business security agreement. Accrued interest was $40,196 at December 31, 2020.

A mortgage note (nonfederal funds) payable to the Authority. The principal and interest on the note shall be paid from time to time to the extent of available cash flow. The loan shall bear interest at the rate of 2.25 percent. The loan matures on July 30, 2070. The loan is collateralized by a mortgage on the rental property and a general business security agreement. Accrued interest was $4,500 at December 31, 2020.

A permanent mortgage note payable to the Authority in an amount not to exceed $1,791,050. The loan shall bear interest at the rate of 2.25 percent and payments are made from cash flow as defined in the operating agreement. The loan matures on June 30, 2070. The loan is collateralized by a mortgage on the rental property and a general business security agreement. This note was not funded as of December 31, 2020.

A bridge loan agreement with PNC Bank in an amount not to exceed $3,710,000. The loan shall bear interest only payment at the Daily LIBOR plus 2 percent. The loan matures on June 30, 2025. Deferred debt issuance costs associated with this note totaled $34,731 as of December 31, 2020. The loan has not been drawn upon as of December 31, 2020.

Interest expense on notes payable to the Authority totaled $44,696 for the year ended December 31, 2020.

A summary of the mortgage notes payables as of December 31, 2020, are as follows:

WHEDA	$ 115,854
HACM (mortgage note)	3,573,000
HACM (other notes)	400,000
Total Becher Court mortgage notes payable	4,088,854
Less unamortized debt issuance costs	(31,080)
Less current maturities	-
	$ 4,057,774

Debt service requirements to maturity are as follows:

	Principal	Interest	Total
Years ending December 31:			
2021	$ -	$ 87,764	$ 87,764
2022	-	86,028	86,028
2023	-	84,253	84,253
2024	-	82,437	82,437
2025	-	80,580	80,580
2026-2030	-	373,535	373,535
2031-2035	-	320,356	320,356
2036-2040	-	260,851	260,851
2041-2045	-	194,267	194,267
2046-2050	-	119,763	119,763
2051-2055	4,088,854	36,783	4,125,637
Total	$ 4,088,854	$ 1,726,617	$ 5,815,471

Westlawn Renaissance III Mortgage Notes Payable

Mortgage notes payable consist of the following:

A mortgage note payable to WHEDA not to exceed $1,550,000. The loan requires monthly interest payments at 5.52 percent until the conversion date in May 2021. At this time, monthly principal payments are due in the amount of $8,344 including an interest rate of 5.52 percent. The loan matures 35 years after the conversion date. The loan is collateralized by a mortgage on the rental property and assignment of leases and rents thereon. The loan is nonrecourse, prepayment is not allowed prior to conversion and is subject to a prepayment penalty as defined in the note. Unamortized debt issuance costs associated with the note totaled $17,401 as of December 31, 2020.

A mortgage note payable to WHEDA not to exceed $15,200,000. The loan requires monthly interest payments at 3.75 percent. The loan matures on May 1, 2021. The loan is collateralized by a mortgage on the rental property and assignment of leases and rents thereon. The loan is nonrecourse, prepayment is not allowed and is subject to a prepayment penalty as defined in the note. Unamortized debt issuance costs associated with the note totaled $29,783 as of December 31, 2020.

A mortgage note payable to WHEDA not to exceed $250,000. The loan requires monthly interest payments at 3.0 percent until the conversion date in May 2021. Commencing January 1, 2022 and each January 1 thereafter, annual payments sufficient to repay the principal over 35 years including interest at 3.0 percent are required subject to surplus cash and the waterfall set forth in the note. The loan matures 17 years after the conversion date. The loan is collateralized by a mortgage on the rental property and assignment of leases and rents thereon. The loan is nonrecourse. Unamortized debt issuance costs associated with the note totaled $2,681 as of December 31, 2020.

A mortgage note (Long Term Construction loan) payable to the Authority. The note in noninterest bearing and a single payment of $1,178,237 upon return of cash held by WHEDA is to reduce the principal. Payments on the note shall be paid from time to time to the extent of available cash flow. The loan matures on April 16, 2059. The loan is collateralized by a mortgage on the rental property and a general business security agreement. Unamortized debt issuance costs associated with the note totaled $2,459 at December 31, 2020.

A mortgage note (Long Term Construction loan) payable to the Authority. The note accrues interest at 0.50 percent. Payments on the note shall be paid from time to time to the extent of available cash flow. The loan matures on April 16, 2059. The loan is collateralized by a mortgage on the rental property and a general business security agreement. Accrued interest was $32,419 at December 31, 2020. Unamortized debt issuance costs associated with the note totaled $3,445 at December 31, 2020.

A mortgage note (Land loan) payable to the Authority. The principal and accrued interest outstanding on the note shall be paid from available cash flows. The loan matures on April 16, 2069. The loan shall bear interest at the rate of 2.89 percent compounded annually. Prepayment is allowed anytime without penalty. The loan is collateralized by a mortgage on the rental property, including the assignment of rents thereon and a general business security agreement. Interest incurred for the year ended December 31, 2020 was $4,938. Accrued interest was $8,343 at December 31, 2020.

A mortgage note (AHP Loan) payable to the Authority. The note bears 1.17 percent interest and payments on the note shall be paid from time to time to the extent of available cash flow. The loan matures on July 8, 2050. The loan is collateralized by a mortgage on the rental property and a general business security agreement. Prepayment is allowed anytime. No draws were made on this note as December 31, 2020.

Interest expense on notes payable to the Authority totaled $32,112 for the year ended December 31, 2020.

A summary of the mortgage notes payables as of December 31, 2020, are as follows:

WHEDA	$ 1,550,000
WHEDA	15,200,000
WHEDA	250,000
HACM (Long Term Construction Loan)	2,419,837
HACM (Long Term Construction Loan)	11,433,371
HACM (Land note)	170,000
Total Westlawn Renaissance III mortgage notes payable	31,023,208
Less unamortized debt issuance costs	(55,769)
Less current maturities	(16,386,854)
	$ 14,580,585

Debt service requirements to maturity are as follows:

	Principal	Interest	Total
Years ending December 31:			
2021	$ 16,386,854	$ 214,998	$ 16,601,852
2022	284,408	149,869	434,277
2023	286,796	147,482	434,278
2024	289,246	145,032	434,278
2025	289,246	145,032	434,278
2026-2030	1,499,036	672,352	2,171,388
2031-2035	1,573,713	597,676	2,171,389
2036-2040	1,661,086	510,302	2,171,388
2041-2045	1,764,770	406,619	2,171,389
2046-2050	1,889,492	281,897	2,171,389
2051-2055	2,041,772	129,617	2,171,389
2056-2059	3,056,789	22,467	3,079,256
Total	$ 31,023,208	$ 3,423,343	$ 34,446,551

Merrill Park Mortgage Notes Payable

Mortgage notes payable consist of the following:

A mortgage note payable to WHEDA not to exceed $1,200,000. The loan requires monthly interest payments until the conversion date in December 2021. At this time, monthly principal payments are required sufficient to achieve a DSCR of 1.20 to 1.0 and interest payments are required beginning January 2022 at a rate of 3.0 percent or 30-day LIBOR plus 300 basis points (3.15 percent at December 31, 2020). After conversion interest is a fixed 5.35 percent. The loan is collateralized by a mortgage on the rental property and assignment of leases and rents thereon. The loan is nonrecourse, prepayment is not allowed prior to conversion and is subject to a prepayment penalty as defined in the note. Unamortized debt issuance costs associated with the note totaled $26,287 as of December 31, 2020.

A construction mortgage note payable to Associated Bank not to exceed $6,000,000. The loan requires monthly interest-only payments at the 30-day LIBOR plus 220 basis points (2.35 percent at December 31, 2020). The note is due December 1, 2021. The loan is collateralized by a mortgage on rental property and an assignment of leases and rents thereon. Unamortized debt issuance costs associated with the note totaled $29,457 as of December 31, 2020.

A mortgage note payable to the Authority. The principal and interest on the note shall be paid from time to time to the extent of available cash flow. Interest accrues at a rate of 5.0 percent. The loan matures on December 17, 2069. The loan is collateralized by a mortgage on the rental property and a general business security agreement. Accrued interest was $191,577 at December 31, 2020.

A construction and term mortgage note payable to the Authority in the amount of $2,952,767. The note accrues interest at 5 percent and payments on the note shall be paid from time to time to the extent of available cash flow. The loan matures on December 17, 2069. The loan is collateralized by a mortgage on the rental property and a general business security agreement. No draws have been made on this loan as of December 31, 2020.

Interest expense on notes payable to the Authority totaled $184,500 for the year ended December 31, 2020.

A summary of the mortgage notes payables as of December 31, 2020, are as follows:

WHEDA	$ 562,999
Associated Bank	562,152
HACM	3,690,000
Total Merrill Park mortgage notes payable	4,815,151
Less unamortized debt issuance costs	(55,744)
Less current maturities	(562,152)
	$ 4,197,255

Debt service requirements to maturity are as follows:

	Principal	Interest	Total
Years ending December 31:			
2021	$ 562,152	$ 402,285	$ 964,437
2022	28,306	199,356	227,662
2023	29,570	198,092	227,662
2024	30,894	196,768	227,662
2025	32,279	195,382	227,661
2026-2030	184,553	953,757	1,138,310
2031-2035	230,326	907,984	1,138,310
2036-2040	287,959	850,351	1,138,310
2041-2045	360,623	777,687	1,138,310
2046-2050	452,355	685,955	1,138,310
2051-2055	541,343	570,398	1,111,741
2056-2060	566,746	438,718	1,005,464
2061-2065	727,338	278,125	1,005,463
2066-2069	780,707	76,701	857,408
Total	$ 4,815,151	$ 6,731,559	$ 11,546,710

Net Position

Net position reported on the statement of net position at December 31, 2020, includes the following:

Net position in capital assets:	
Land	$ 34,568,636
Construction in progress	24,172,695
Less amounts classified as construction in progress for the Westlawn Renaissance II, V and VI projects	(23,018,758)
Other capital assets, net of accumulated depreciation	45,267,445
Less long-term debt outstanding	(15,370,593)
Less premium	(91,206)
Plus unspent debt proceeds	3,788,995
Plus noncapital debt proceeds	30,593
Total net investment in capital assets	69,347,807
Restricted:	
Debt service	39,697
Replacement reserve	2,664,127
Home ownership program	1,399,197
Housing Choice Voucher program	392,919
Total restricted	4,495,940
Unrestricted	140,172,108
Total net position	$ 214,015,855

Included in unrestricted net position of the general fund program are amounts designated for future property acquisition from the component units after the tax compliance period has ended. These amounts totaled approximately $115,658,000 at December 31, 2020.

Restatement of Net Position

Net position has been restated to correct an error in beginning balance for certain unrecorded grant revenues.

Net position as of December 31, 2019 (as reported)	$ 190,984,379
Add unrecorded grant revenue	3,542,177
Net position as of December 31, 2019 (as restated)	$ 194,526,556

Net income of the prior year would have been increased by $3,164,887.

During 2020, Holton Terrace's members' equity has been restated as of January 1, 2020 to reflect corrections of errors identified as follows:

	Prior Period Balance Unadjusted	Prior Period Adjustments	Prior Period Balance as Restated
Land	$ 280,000	$ 128,000	$ 408,000
Building	4,480,000	844,862	5,324,862
Site improvements	-	15,078	15,078
Furnishings and equipment	-	64,170	64,170
Construction in process	2,018,281	(1,048,178)	970,103
Debt issuance costs, net	49,981	4,655	54,636
Interest expense	124,241	(8,587)	115,654
Total	$ 6,952,503	$ -	$ 6,952,503

The net impact of the adjustment increases the balance of net position for Holton Terrace, LLC and the aggregate discretely presented component units as of January 1, 2020 by $8,587. The correction of error is related to classification of rental property and the treatment of development costs in service versus in construction in progress.

3. Other Information

Retirement Plan

Plan Description

The Authority makes contributions to the Employees' Retirement System of the City of Milwaukee (the System), a cost-sharing multiple-employer defined pension plan, on behalf of all eligible Authority employees. The System provides retirement, disability and death benefits to plan members and beneficiaries. The City Charter assigns the Authority to establish and amend benefit provisions. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Employees' Retirement System of the City of Milwaukee, 789 North Water Street, Suite 300, Milwaukee, WI 53202.

Funding Policy

For general employees participating prior to January 1, 2014, they are required to contribute or have contributed on their behalf, a percentage of their annual earnable compensation equal to 5.5 percent of their annual pensionable income and for general employee, participating on or after January 1, 2014, they are required to contribute 4 percent of their annual pensionable income. The City Charter assigns the Authority to establish and amend contribution requirements. The City Charter was amended so that various groups of represented and nonrepresented City employees hired on or after January 1, 2010 contribute 5.5 percent of their earnable compensation for pension benefits. The Authority's contributions to the System for the year ended December 31, 2020 were $635,798, equal to the required contributions on behalf of the plan members for each year.

At December 31, 2020, the Authority reported a liability of $8,010,000 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019 and the total pension liability used to calculate the net pension liability was determined by an actual valuation as of January 1, 2019 rolled forward to December 31, 2019. No material changes in assumptions of benefit terms occurred between the actuarial date and the measurement date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the Authority's proportion was 0.80617610 percent which was a decrease of 0.05545160 percent from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the Authority recognized pension expense of $2,856,256.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 844,000	$ 373,000
Changes in assumptions	2,390,000	-
Net differences between projected and actual earnings on pension plan investments	-	1,845,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	595,000
Employer contributions subsequent to the measurement date	635,798	-
Total	$ 3,869,798	$ 2,813,000

$635,798 reported as deferred outflows related to pension resulting from the System employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	Deferred Outflows/ (Inflows) of Resources (Net)
Years ending December 31:	
2021	$ 442,440
2022	198,359
2023	135,892
2024	(355,691)

Actuarial assumptions. The last actuarial valuation was performed as of January 1, 2019 and the amounts were used to roll-forward the total pension liability to the plan's year-end December 31, 2019 and was determined using the following actuarial assumptions, applied to all prior periods included in the measurement:

Actuarial valuation date	January 1, 2019
Measurement date of net pension liability	December 31, 2019
Actuarial cost method	Entry age normal-Level Percentage of Pay
Amortization method	Level percent of payroll, closed
Asset Valuation method	5-year smoothing of difference between expected return on actuarial value and actual return on market value
Actuarial assumptions:	
Investment rate of return and discount rate	7.50% per annum, compounded annually
Projected salary increases	General City 2.5%-5.5%
Inflation assumption	2.50%
Cost of living adjustments	Vary by employee group as explained in summary of plan provisions
Mortality table	Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant Mortality Table, using 111 percent of rates for males and 110 percent of rates for females, projected generationally with Scale MP-2016. Disabled mortality rates are based on the RP-2014 Disability Mortality Table, using 102 percent of rates for males and 98 percent of rates for females, projected generationally with Scale MP-2016 was used. Active mortality rates are based on RP-2014 Employee Mortality Table, projected generationally using Scale MP-2016.
Experience study	The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2012-December 31, 2016.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using Callan Associates' 10 year geometric capital market projections. Projected long term rates of return for each major asset class in the Retirement System's target asset allocation as of December 31, 2019, are summarized in the following table:

	Asset Allocation	Long-Term Expected Rate of Return
Public equity	47.00 %	7.30 %
Fixed income and cash	25.00	3.10
Real estate	7.70	5.60
Real assets	3.30	4.50
Private equity	8.00	10.60
Absolute return	9.00	2.90
	100.00 %	

Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from ERS agencies will be made at contractually required rates, actuarially determined. Based on those assumptions, the ERS fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. The cross over analysis produces a single rate of 7.5 percent, which reflects the long-term expected rate of return on ERS investments. Therefore, the discount rate was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate 7.5 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

The sensitivity analysis as of December 31, 2020 follows:

	1% Decrease (6.50%)	Current Discount (7.50%)	1% Increase (8.50%)
Authority's proportionate share of the net pension liability	$ 14,294,000	$ 8,010,000	$ 2,780,000

Additional Financial Information for the ERS- For additional information regarding ERS's financial statements and audit report, please visit the ERS web site at http:/www.cmers.com/About-Us.

Postemployment Healthcare Plan

The Authority administers a single-employer defined contribution healthcare plan (the Retiree Health Plan). The plan provides medical insurance benefits to eligible retirees and their spouses through the Authority's group medical insurance plan, which covers both active and retired members. Benefits provisions are established through collective bargaining agreements. The eligibility requirements and the amount of the benefit vary based on retiree's position, years of service and age at retirement. If eligible, the retiree may receive medical insurance benefits until they are Medicare eligible. The plan is administered by the Authority and does not issue a stand-alone financial report. No assets are accumulated in a trust that meets the criteria in paragraph 4 of the GASB Statement No. 75.

At December 31, 2020, the Authority had 132 active members and 52 inactive plan members or beneficiaries currently receiving benefits.

The Authority's total OPEB liability of $13,061,590 was measured as of December 31, 2020 and was determined by an actuarial valuation as of January 1, 2020.

The total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry age normal
Discount rate	2.00%
Inflation	2.50%
Salary increases	3.00% per year
Retirees' share of benefit Related costs	75% of premiums

The discount rate was based on 20-Year Municipal GO AA Index as of each measurement date.

Mortality rates were based on the RP-2014 Employees Mortality Tables.

	Total OPEB Liability
Balance at December 31, 2019	$ 9,656,780
Changes for the year:	
Service cost	530,364
Interest on the total OPEB liability	373,114
Difference between expected and actual experience	(360,487)
Changes in assumptions	3,341,094
Benefit payments	(479,275)
Net changes	3,404,810
Balance at December 31, 2020	$ 13,061,590

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB of the Authority as well as what the Authority's total OPEB would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current discount rate:

	1% Decrease (2.75%)	Current Discount (3.75%)	1% Increase (4/75%)
Total OPEB liability	$ 15,114,458	$ 13,061,590	$ 11,436,549

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Assumption	1% Increase (4/75%)
Total OPEB liability	$ 11,349,329	$ 13,061,590	$ 15,263,038

For the year ended December 31, 2020, the Authority recognized OPEB expenses of $1,147,686. At December 31, 2020, the Authority reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual noninvestment experience	$ -	$ 1,563,241
Changes in assumptions or other inputs	2,831,637	-
Total	$ 2,831,637	$ 1,563,241

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

	Deferred Outflows/ (Inflows) of Resources Net
Years ending December 31:	
2021	$ 244,207
2022	244,207
2023	244,207
2024	314,988
Thereafter	220,787

Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles, as detailed below. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

The Authority is a member of the Housing Authority Risk Retention Group (HARRG), which provides general liability, property, public official and lead-based paint insurance to participating public housing authorities throughout the United States. There are 875 members in HARRG. Total premiums paid in 2020 by the members were approximately $38.1 million. The Authority's share of the premiums in 2020 were $345,109, for general liability, public official and lead-based paint insurance. The Authority's maximum insurance coverage ranges from $500,000 for lead-based paint to $5 million for commercial liability. Management believes that the number of outstanding claims and potential claims outstanding do not materially affect the financial position of the Authority. The Authority is also a member of the Housing Authority Property Insurance Group (HAPI), which provides property insurance to participating public housing authorities throughout the United States. HAPI has 850 members. Total premiums paid in 2020 by the members were approximately $72.8 million. The Authority's share of the premiums was $543,359 in 2020 for property and builders' risk insurance. The Authority's maximum insurance coverage is $436,320,647 for property. Management believes that the number of outstanding claims and potential claims outstanding does not materially affect the financial position of the Authority.

Litigation

There are several pending lawsuits in which the Authority is involved. Management believes that the potential claims against the Authority resulting from such litigation will not materially affect the financial position of the Authority.

Commitments and Contingencies

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments are recorded as expenses when the related liabilities are incurred.

The Authority has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

Component Units

Carver Park

Carver Park entered into a Land Use Restriction Agreements with the Wisconsin Housing and Economic Development Authority (WHEDA) as a condition to receiving an allocation of low-income housing tax credits. Under this agreement, Carver Park must continuously comply with Section 42 and other applicable sections of the Internal Revenue Code (IRC). The agreement places occupancy restrictions on rents and the minimum percent of units that shall be occupied by individuals or families whose income meets the requirements set under IRC Section 42. If Carver Park fails to comply with this agreement or with the IRC, it may be ineligible for low-income housing tax credits and the partners may be required to recapture a portion of the tax credits previously claimed on their income tax returns. In addition, noncompliance may require an adjustment to the contributed capital of the investor limited partner. Carver Park is obligated to certify tenant eligibility.

In connection with the Affordable Housing Program (AHP) notes with the Authority, Carver Park entered into AHP Recapture Agreements. Provisions of these agreements require the partnership to rent 27 and 24 units to low-income persons and 27 and 24 units to very-low income persons in Carver I and Carver II, respectively.

Under provisions of the Regulatory & Operating Agreements (R&O) and the Partnership agreement, Carver Park was obligated to fund an affordability reserve in the amounts of $91,000 and $74,000 for Carver I and Carver II, respectively. Withdrawals are generally restricted to cover shortfalls in operating subsidy and may be made only upon the approval of the Authority. The affordability reserve was $231,125 as of December 31, 2020.

The R&O Agreements and Partnership agreement also provided for Carver Park to fund an operating reserve in the amounts of $144,000 and $134,000 Carver I and Carver II, respectively. Withdrawals are restricted to cover insufficient cash flow from the nonpublic housing units and may be made only upon the approval of the Authority. The operating reserve was $197,049 as of December 31, 2020.

Carver Park is required to maintain deposits in the affordability, operating and authority reserves equal to two times the public housing shortfall, excluding the operating subsidy payments for the prior year. If at any time the aggregate balance in these reserves falls below that level, the project shall notify the Authority in writing regarding the deficit and request the Authority restore the reserve shortfall up to the minimum balance. The reserve shortfall must be deposited into the Authority reserve. If at any time following the achievement of an occupancy rate of 97 percent the aggregate balance of the affordability, operating and authority reserves exceeds three times the public housing shortfall, excluding the operating subsidy payments for the prior year plus six months of development operating expenses and certain conditions are met as defined in the R&O Agreements, the project shall notify the Authority of its right to withdraw such reserve excess from the Authority reserve.

The R&O Agreements and Partnership agreement also provide for Carver Park to fund a replacement reserve in 12 equal monthly installments totaling $250 per unit per year. The replacement reserve shall be used for the purpose of replacing capital assets or providing capital improvements. Withdrawals may be made only upon the approval of the Authority. The replacement reserve balance was $165,741 as of December 31, 2020.

Highland Park

Highland Park entered into a Land Use Restriction Agreement with WHEDA as a condition to receiving allocations of low-income housing tax credits. Under this agreement, Highland Park must continuously comply with IRC Section 42 and other applicable sections of the IRC. The agreement places occupancy restrictions on rents and the minimum percent of units which shall be occupied by individuals or families whose income meets the requirements set under IRC Section 42. If Highland Park fails to comply with this agreement or with the IRC, it may be ineligible for low-income housing tax credits and the members may be required to recapture a portion of the tax credits previously claimed on their income tax returns. In addition, noncompliance may require an adjustment to the contributed capital of the investor member. Highland Park is obligated to certify tenant eligibility.

Under provisions of the R&O Agreement and operating agreement, Highland Park is obligated to fund an affordability reserve in the amount of $80,000. Withdrawals are restricted to cover insufficient cash flow from the public housing units. The affordability reserve was $89,128 as of December 31, 2020. As part of the RAD conversion, the affordability reserve was required to be terminated and deposited into the replacement reserve.

The R&O Agreement and operating agreement provide for Highland Park to fund an operating reserve in the amount of $220,000. The operating reserve, including interest thereon, was to be administered in accordance with the R&O Agreement and utilized primarily to fund operating deficits. Upon termination of the R&O Agreement as part of the RAD conversion, the operating reserve is to be administered for the purposes for which it was established, subject to the consent of the investor member. The operating reserve was $245,178 as of December 31, 2020.

Highland Park and the Authority entered into a RAD Conversion Commitment with HUD where the public housing units were converted to Section 8 project based-vouchers effective June 1, 2018. Highland Park entered into a Project Based Voucher Housing Assistance Payments contract with the Authority whereby the Authority agrees to make housing assistance payments to the project for 46 of the units. The HAP contract is effective June 1, 2018 and has an initial term of 20 years set to expire May 31, 2038. Gross rental income under the HAP contract represents approximately 45 percent of residential rental income (excluding rooftop lease income) for the year ended December 31, 2020. Highland Park and the Authority entered into a RAD Use Agreement with HUD pursuant to the RAD HAP contract which will coincide with the term of the HAP contract. The assisted units are to be leased in accordance with the RAD HAP contract, including applicable eligibility and income requirements.

The R&O Agreement and operating agreement also provide for Highland Park to fund a replacement reserve in 12 equal monthly installments of $175 per unit per year. The monthly installment increased to $200 in June 2010 and $250 in June 2015. In connection with the RAD conversion, the operating agreement was amended to require monthly installments of $2,375. The amendment to the operating agreement also required that the balance of the Affordability Reserve be transferred to the replacement reserve. The replacement reserve shall be used to fund repairs, capital expenditures and other costs as approved by the Authority and the investor member. The replacement reserve balance was $936,372 as of December 31, 2020.

Highland Park entered into a management agreement with an unaffiliated entity. Under this agreement, Highland Park is obligated to pay a management fee equal to $28.75 per unit per month. The management fees incurred under this agreement totaled $42,608 for the year ended December 31, 2020.

Highland Park entered into a noncancelable operating lease agreement with Verizon Wireless to rent a portion of its rooftop space to install telecommunications equipment. The lease requires an annual lease payment of $30,500 commencing in 2017 which is to increase 4 percent each year. The lease expires October 2022. The lease includes five remaining five year options to renew. Highland Park entered into a noncancellable operating lease agreement with T-Mobile to rent a portion of its rooftop space for the operations of antenna systems and telecommunications equipment. The lease requires an annual lease payment of $31,500 commencing upon construction and installation, which began in 2019. Annual rent payments increase 4 percent each year. The lease expires five year after commencement. The lease includes five remaining five year options to renew. Rooftop lease income included in rental income totaled $61,633 for the year ended December 31, 2020. Future minimum rental income under the rooftop lease is $68,722, $62,194 and $36,850 for the years 2021, 2022 and 2023, respectively.

Cherry Court

Cherry Court entered into a Land Use Restriction Agreement with WHEDA as a condition to receiving allocations of low-income housing tax credits. Under this agreement, Cherry Court must continuously comply with IRC Section 42 and other applicable sections of the IRC. The agreement places occupancy restrictions on rents and the minimum percent of units which shall be occupied by individuals or families whose income meets the requirements set under IRC Section 42. If Cherry Court fails to comply with this agreement or with the IRC, it may be ineligible for low-income housing tax credits and the members may be required to recapture a portion of the tax credits previously claimed on their income tax returns. In addition, noncompliance may require an adjustment to the contributed capital of the investor member. Cherry Court is obligated to certify tenant eligibility.

Under provisions of the R&O Agreement and operating agreement, Cherry Court has established an affordability reserve in the initial amount of $224,000. These reserve funds, including interest thereon, were restricted for the benefit of the public housing units to cover shortfalls in the event operating subsidy funds were not available. As part of the RAD conversion, the affordability reserve was required to be terminated and deposited into the replacement reserve.

The operating agreement required Cherry Court to fund an operating reserve in the amount of $145,000. The operating reserve, including interest thereon, is to be utilized primarily to fund operating deficits. Withdrawals may be made only upon the approval of the special member. The operating reserve balance was $158,581 as of December 31, 2020.

The operating agreement requires Cherry Court to fund a replacement reserve annually in the initial amount of $21,000 which increased 3 percent per year. In connection with the RAD conversion, the operating agreement was amended to require annual deposits equal to $250 per unit per year, increasing by 3 percent per year. The amendment to the operating agreement and the RAD conversion commitment also required that the balance of the affordability reserve be transferred to the replacement reserve. The replacement reserve shall be used for the purpose of replacing capital assets or providing capital improvements. Withdrawals may be made only upon the approval of the Authority and the investor member. The replacement reserve balance was $540,926 as of December 31, 2020.

Cherry Court has entered into a lease with a third party to lease ground space for the purpose of constructing, maintaining and operating a cellular tower. The lease requires monthly payments of $2,420 through November 2021. The lease includes four successive five year options to renew with a ten percent increase in rent for each renewal. The company entered into a lease with another third party starting September 2016 to lead ground space for a cellular tower. The lease requires annual payments of $5,500 through August 2021. The lease includes four successive five year options to renew with a three percent increase in rent for each renewal. Rental income earned under these leases totaled $34,540 for the year ended December 31, 2020. Future minimum rental income for these leases is $30,287 for 2021.

Cherry Court and the Authority entered into a Rental Assistance Demonstration (RAD) Conversion Commitment with HUD in April 2017 pursuant to which the public housing units were converted to Section 8 project based-vouchers effective November 30, 2017. Cherry Court entered into a Project Based Voucher Housing Assistance Payments (HAP) Contract with the Authority whereby the Authority agrees to make housing assistance payments to the project for 70 of the units. These units have been designated for elderly families under the contract. The HAP contract is effective December 1, 2017 and has an initial term of 20 years set to expire December 31, 2037. Rental revenue under the HAP contract represents approximately 47 percent of rental income for the year ended December 31, 2020. Cherry Court and the Authority entered into a RAD Use Agreement with HUD pursuant to the RAD HAP contract which will coincide with the term of the HAP contract. The assisted units are to be leased in accordance with the RAD HAP contract, including applicable eligibility and income requirements.

Convent Hill

Convent Hill entered into a Land Use Restriction Agreement with WHEDA as a condition to receiving allocations of low-income housing tax credits. Under this agreement, Convent Hill must continuously comply with IRC Section 42 and other applicable sections of the IRC. The agreement places occupancy restrictions on rents and the minimum percent of units that shall be occupied by individuals or families whose income meets the requirement set under IRC Section 42. If Convent Hill fails to comply with this agreement or with the IRC, it may be ineligible for low-income housing tax credits and the members may be required to recapture a portion of the tax credits previously claimed on their income tax returns. In addition, noncompliance may require an adjustment to the contributed capital of the investor member. Convent Hill is obligated to certify tenant eligibility.

Under provisions of the R&O agreement and the operating agreement, Convent Hill established an affordability reserve in the initial amount of $129,000. These reserve funds, including interest thereon, were restricted for the benefit of the public housing units to cover shortfalls in the event operating subsidy funds are not available. As part of the RAD conversion, the affordability reserve was required to be terminated and deposited into the replacement reserve. The affordability reserve balance was $131,930 as of December 31, 2020.

The R&O agreement and operating agreement required for Convent Hill to fund an operating reserve in the initial amount of $105,000. Withdrawals are restricted to cover operating deficits. If a withdrawal would cause the balance of the reserve to be less than $50,000, approval of the special member is needed. The operating reserve was $107,022 as of December 31, 2020.

The R&O agreement required Convent Hill to fund a replacement reserve annually in the amount of $16,000 which increased 3 percent per year. In connection with the RAD conversion, the operating agreement was amended to require annual deposits equal to $250 per year, increasing by 3 percent per year. The amendment to the operating reserve and the RAD conversion commitment also required that the balance of the affordability reserve be transferred to the replacement reserve. The replacement reserve shall be used for working capital needs, improvements, replacements and other contingencies. Withdrawals may be made only upon the approval of the Authority and the investor member. The replacement reserve balance was $226,494 as of December 31, 2020.

Convent Hill and the Authority entered into a Rental Assistance Demonstration (RAD) Conversion Commitment with HUD in July 2017 pursuant to which the public housing units were converted to Section 8 project based-vouchers effective July 1, 2018. Convent Hill entered into a Project Based Voucher Housing Assistance Payments (HAP) Contract with the Authority whereby the Authority agrees to make housing assistance payments to the project for 42 of the units. The HAP contract is effective July 1, 2018 and has an initial term of 20 years set to expire June 30, 2038. Rental revenue under the HAP contract represents approximately 49 percent of rental income for the year ended December 31, 2020. Convent Hill and the Authority entered into a RAD Use Agreement with HUD pursuant to the RAD HAP contract which will coincide with the term of the HAP contract. The assisted units are to be leased in accordance with the RAD HAP contract, including applicable eligibility and income requirements.

Scattered Sites

Scattered Sites entered into a Land Use Restriction Agreement with WHEDA as a condition to receiving an allocation of low-income housing tax credits. Under this agreement, Scattered Sites must continuously comply with Section 42 and other applicable sections of the IRC. The agreement places occupancy restrictions on rents and the minimum percent of units which shall be occupied by individuals or families whose income meets the requirement set under IRC Section 42. If Scattered Sites fails to comply with this agreement or with the IRC, it may be ineligible for low-income housing tax credits and the members may be required to recapture a portion of the tax credits previously claimed on their income tax returns. In addition, noncompliance may require an adjustment to the contributed capital of the investor member. Scattered Sites is obligated to certify tenant eligibility.

Under provisions of the R&O agreement and operating agreement, Scattered Sites established an affordability and operating reserve in the initial amount of $75,000. These reserve funds, including interest thereon, are restricted to help meet operating expenses and debt service of Scattered Sites in the event operating subsidy funds are not available. The affordability and operating reserve balance was $76,988 as of December 31, 2020.

The R&O Agreement and operating agreement require Scattered Sites to fund a replacement reserve annually in the initial amount of $300 per unit. The annual deposit requirement increases 3 percent per year. In connection with the RAD conversion, the operating agreement was amended to require annual deposits of $9,394, increasing 3 percent per year. In addition, the amendment required that $175,826 of the RAD loan proceeds received in 2018 be deposited into the replacement reserve. The replacement reserve shall be used for the purpose of replacing capital assets or providing capital improvements. Withdrawals may be made only upon the approval of the Authority and investor member. The replacement reserve balance was $287,576 as of December 31, 2020.

The Authority entered into a cooperation agreement with the City of Milwaukee whereby any low-rent housing developed by the Authority receiving federal assistance from the United States of America shall make annual payments in lieu of taxes in an amount equal to 10 percent of the shelter rent. Shelter rent is defined as the total of all rents charged to tenants less the cost of utilities. Since all the units in the project are public housing units, Scattered Sites is subject to the same agreement.

Scattered Sites and the Authority entered into a Rental Assistance Demonstration (RAD) Conversion Commitment with HUD in January 2018 as amended in October 2018, pursuant to which the public housing units were converted to Section 8 project based-vouchers effective December 1, 2018. Scattered Sites entered into a Project Based Voucher Housing Assistance Payments (HAP) Contract with the Authority whereby the Authority agrees to make housing assistance payments to the project for 24 of the units. The HAP contract is effective December 1, 2018 and has an initial term of 20 years set to expire November 30, 2038. Rental revenue under the HAP contract represents approximately 56 percent of rental income for the year ended December 31, 2020. Scattered Sites and the Authority entered into a RAD Use Agreement with HUD pursuant to the RAD HAP contract which will coincide with the term of the HAP contract. The assisted units are to be leased in accordance with the RAD HAP contract, including applicable eligibility and income requirements.

Scattered Sites II

Scattered Sites II entered into a Land Use Restriction Agreement with WHEDA as a condition to receiving an allocation of low-income housing tax credits from WHEDA. Under this agreement, Scattered Sites II must continuously comply with Section 42 and other applicable sections of the IRC. The agreement places occupancy restrictions on rents and the minimum percent of units which shall be occupied by individuals or families whose income meets the requirements set under IRC Section 42. If Scattered Sites II fails to comply with this agreement or with the IRC, it may be ineligible for low-income housing tax credits and the members may be required to recapture a portion of the tax credits previously claimed on their income tax returns. In addition, noncompliance may require an adjustment to the contributed capital of the investor member. Scattered Sites II is obligated to certify tenant eligibility.

Under provisions of the R&O Agreement and operating agreement, Scattered Sites II has established an operating reserve in the initial amount of $75,000. These reserve funds, including interest thereon, are restricted to help meet operating expenses and debt service which exceed available operating revenues. Withdrawals may be made upon approval of the special member. The operating reserve balance was $75,777 as of December 31, 2020.

The R&O Agreement and operating agreement requires Scattered Sites II to fund a replacement reserve annually in the initial amount of $300 per unit. The annual deposit requirement increases 3 percent per year. In connection with the RAD conversion, the operating agreement was amended to require that $206,866 of the RAD loan proceeds received in 2018 be deposited into the replacement reserve. The replacement reserve shall be used for the purpose of replacing capital assets or providing capital improvements. Withdrawals may be made only upon the approval of the Authority and the investor member or the special member. The replacement reserve balance was $307,274 at December 31, 2020.

The Authority entered into a cooperation agreement with the City of Milwaukee whereby any low-rent housing development by the Authority receiving federal assistance from the United States of America shall make annual payments in lieu of taxes in an amount equal to 10 percent of the shelter rent. Shelter rent is defined as the total of all rents charged to tenants less the cost of utilities. Scattered Sites II is subject to the same agreement with respect to its public housing units.

Scattered Sites II and the Authority entered into a Rental Assistance Demonstration (RAD) Conversion Commitment with HUD in January 2018 as amended in October 2018, pursuant to which the public housing units were converted to Section 8 project based-vouchers effective December 1, 2018. Scattered Sites II entered into a Project Based Voucher Housing Assistance Payments (HAP) Contract with the Authority whereby the Authority agrees to make housing assistance payments to the project for 12 of the units. The HAP contract is effective December 1, 2018 and has an initial term of 20 years set to expire November 30, 2038. Rental revenue under the HAP contract represents approximately 49 percent of rental income for the year ended December 31, 2020. Scattered Sites II and the Authority entered into a RAD Use Agreement with HUD pursuant to the RAD HAP contract which will coincide with the term of the HAP contract. The assisted units are to be leased in accordance with the RAD HAP contract, including applicable eligibility and income.

Olga Village

Olga Village entered into a Land Use Restriction Agreement with WHEDA as a condition to receiving an allocation of low-income housing tax credits. Under this agreement, Olga Village must continuously comply with Section 42 and other applicable sections of the IRC. The agreement places occupancy restrictions on rents and the minimum percent of units which shall be occupied by individuals or families whose income meets the requirements set under IRC Section 42. If Olga Village fails to comply with this agreement or with the IRC, it may be ineligible for low-income housing tax credits and the members may be required to recapture a portion of the tax credits previously claimed on their income tax returns. In addition, noncompliance may require an adjustment to the contributed capital of the investor member. Olga Village is obligated to certify tenant eligibility.

The R&O Agreement and operating agreement required Olga Village to fund a replacement reserve based upon $250 per unit per year commencing in 2011. This amount increased by 10 percent on the fifth anniversary in 2016. In connection with the RAD conversion, the operating agreement was amended to require annual deposits of $9,250 payable in monthly installments of $771 effective June 1, 2018. The amendment to the operating agreement also required $142,822 of the balance in the Authority subsidy reserve held by the Authority to be deposited into the replacement reserve. The replacement reserve shall be used to fund repairs, capital expenditures and other costs as approved by the Authority and the investor member. The replacement reserve balance was $304,041 at December 31, 2020.

The R&O Agreement and operating agreement require Olga Village to establish and maintain an operating reserve with a minimum balance of $200,000. If the balance is less than the minimum, Olga Village shall deposit funds from cash flow into the reserve in the priority as set for the in the operating agreement. Upon termination of the R&O agreement in connection with the RAD conversion discussed, the operating agreement continues to require that funds from the operating reserve be used to fund operating deficits with the consent of the investor member and the Authority. Funds from the operating reserve may be used to fund operating deficits with the consent of the investor member. The operating reserve balance was $205,660 at December 31, 2020.

The Authority entered into a cooperation agreement with the City of Milwaukee whereby any low-rent housing developed by the Authority receiving federal assistance from the United States of America shall make annual payments in lieu of taxes in an amount equal to 10 percent of the shelter rent. Shelter rent is defined as the total of all rents charged to tenants less the cost of utilities. Olga Village is subject to the same agreement with respect to the public housing units.

Olga Village leases the senior community center to United Community Center, Inc. In lieu of monthly base rent, the tenant shall operate and maintain the senior community center including utilities, repairs, maintenance and real estate taxes.

Olga Village and the Authority entered into a RAD Conversion Commitment with HUD in April 2017 and as amended in April 2018, pursuant to which the public housing units were converted to Section 8 project based-vouchers effective June 1, 2018. Olga Village entered into a Project Based Voucher Housing Assistance Payments Contract with the Authority whereby the Authority agrees to make housing assistance payments to the project for 37 of the units. The HAP contract is effective June 1, 2018 and has an initial term of 20 years set to expire May 31, 2038. Gross rental income under the HAP contract represents approximately 50 percent of rental income for the year ended December 31, 2020. Olga Village and the Authority entered into a RAD Use Agreement with HUD pursuant to the RAD HAP contract which will coincide with the term of the HAP contract. The assisted units are to be leased in accordance with the RAD HAP contract, including applicable eligibility and income requirements.

Westlawn Renaissance

Westlawn Renaissance has entered into an operating agreement with the Authority. Provisions of the agreement require Westlawn Renaissance to fund a replacement reserve in the initial amount of $75,000 upon receipt of the second installment of equity from the investor member. Commencing on June 1, 2013, monthly deposits are required in an amount equal to $300 per unit per year for the first year, increasing by 3 percent each twelve-month period thereafter. In connection with the RAD conversion, the operating agreement was amended to require deposits of $350 per unit per year, increasing by 3 percent every June 1 thereafter. In addition, the RAD conversion commitment required an additional deposit of $420,875, of which $339,343 was funded by additional proceeds from the Authority construction and term loan. The replacement reserves shall be used to fund repairs, capital expenditures and other costs as approved by the investor member. The replacement reserve balance was $1,086,596 at December 31, 2020.

The operating agreement requires Westlawn Renaissance to establish an operating reserve of at least $600,000. Funds from the operating reserve may be used to pay for operating or other expenses with the consent of the investor member. Westlawn Renaissance is required to fund the operating reserve from available cash flow as defined in the operating agreement, in order to maintain a balance at all times of $600,000. The reserve shall be maintained throughout the 15 year tax credit compliance period. Upon the three year anniversary of the achievement of stabilized occupancy, as defined in the operating agreement, any excess amounts in the operating reserve shall be released to pay applicable principal and interest on the mortgage notes payable due to the Authority. Beginning June 2024 and each year thereafter, the required balance in the operating reserve may be reduced in accordance with the operating agreement. The operating reserve balance was $607,835 as of December 31, 2020.

Westlawn Renaissance entered into a management agreement with an unaffiliated entity. Under this agreement, Westlawn Renaissance is obligated to pay a management fee equal to $24.50 per unit per month. The management fees incurred under this agreement totaled $76,500 for the year ended December 31, 2020.

Westlawn Renaissance entered into a Land Use Restriction Agreement with WHEDA as a condition to receiving an allocation of low-income housing tax credits. Under this agreement, Westlawn Renaissance must continuously comply with IRC Section 42 and other applicable sections of the IRC. The agreement places occupancy restrictions on rents and the minimum percent of units which shall be occupied by individuals or families whose income meets the requirements set under IRC Section 42. If Westlawn Renaissance fails to comply with this agreement or with the IRC, it may be ineligible for low-income housing tax credits and the members may be required to recapture a portion of the tax credits previously claimed on their income tax returns. In addition, noncompliance may require an adjustment to the contributed capital of the investor member. Westlawn Renaissance is obligated to certify tenant eligibility.

Westlawn Renaissance and the Authority entered into a RAD Conversion Commitment with HUD in April 2017 pursuant to which the public housing units were converted to Section 8 project based-vouchers effective November 30, 2017. Westlawn Renaissance entered into a Project Based Voucher Housing Assistance Payments Contract with the Authority whereby the Authority agrees to make housing assistance payments to the project for 64 of the units. 47 of these units have been designated for elderly families under the contract. The HAP contract is effective December 1, 2017 and has an initial term of 20 years set to expire December 31, 2037. Rental revenue under the HAP contract represents approximately 48 percent of rental income for the year ended December 31, 2020. Westlawn Renaissance and the Authority entered into a RAD Use Agreement with HUD pursuant to the RAD HAP contract which will coincide with the term of the HAP contract. The assisted units are to be leased in accordance with the RAD HAP contract, including applicable eligibility and income requirements.

The Authority entered into a cooperation agreement with the City of Milwaukee whereby any low-rent housing developed by the Authority receiving federal assistance from the United States of America shall make annual payments in lieu of taxes in an amount equal to 10 percent of the shelter rent. Shelter rent is defined as the total of all rents charged to tenants less the cost of utilities. Westlawn Renaissance is subject to the same agreement with respect to the public generating housing units.

Lapham Park

Lapham Park has entered into an operating agreement with the Authority. Provisions of the agreements require Lapham Park to fund a replacement reserve in an initial amount of $60,300 upon receipt of the second installment of equity from the investor member. Commencing on June 1, 2013, monthly deposits are required in an amount equal to $300 per unit per year for the first year, increasing by 3 percent each twelve-month period thereafter. In connection with the RAD conversion, the operating agreement was amended to require deposits of $334 per year, increasing by June 1 thereafter. The replacement reserve shall be used to fund repairs, capital expenditures and other costs as approved by the Authority and the investor member. The replacement reserve balance was $447,118 as of December 31, 2020.

The operating agreement requires Lapham Park to establish an operating reserve of at least $628,000. Funds from the operating reserve may be used to pay for operating or other expenses with the consent of the investor member. Lapham Park is required to fund the operating reserve from available cash flow as defined in the operating agreement, in order to maintain a balance at all times of $628,000. The reserve shall be maintained throughout the 15 year tax credit compliance period. Upon the three year anniversary of the achievement of stabilized occupancy, as defined in the operating agreement, any excess amounts in the operating reserve shall be released to pay applicable principal and interest on the mortgage notes payable due to the Authority. Beginning June 2024 and each year thereafter, the required balance in the operating reserve may be reduced in accordance with the operating agreement. The operating reserve balance was $636,295 as of December 31, 2020.

Lapham Park entered into a management agreement with an unaffiliated entity. Under this agreement, Lapham Park is obligated to pay a management fee equal to $27.00 per unit per month. The management fees incurred under this agreement totaled $59,697 for the year ended December 31, 2020.

Lapham Park entered into Land Use Restriction Agreements with WHEDA as a condition to receiving the bonds payable and an allocation of low-income housing tax credits. Under this agreement, Lapham Park must continuously comply with IRC Section 42 and other applicable sections of the IRC. The agreement places occupancy restrictions on rents and the minimum percent of units which shall be occupied by individuals or families whose income meets the requirements set under IRC Section 42. If Lapham Park fails to comply with this agreement or with the IRC, the bonds payable become immediately due and payable; Lapham Park may be ineligible for low-income housing tax credits; and the members may be required to recapture a portion of the tax credits previously claimed on their income tax returns. In addition, noncompliance may require an adjustment to the contributed capital of the investor member. Lapham Park is obligated to certify tenant eligibility.

Lapham Park and the Authority entered into a RAD Conversion Commitment with HUD in November 2017 pursuant to which the public housing units were converted to Section 8 project based-vouchers effective May 1, 2018. Lapham Park entered into a Project Based Voucher Housing Assistance Payments Contract with the Authority whereby the Authority agrees to make housing assistance payments to the project for 131 of the units. The HAP contract is effective May 1, 2018 and has an initial term of 20 years set to expire April 30, 2038. Gross rental income under the HAP contract represents approximately 48 percent of residential rental income (excluding rooftop lease income) for the years ended December 31, 2020.

Lapham Park and the Authority entered into a RAD Use Agreement with HUD pursuant to the RAD HAP contract which will coincide with the term of the HAP contract. The assisted units are to be leased in accordance with the RAD HAP contract, including applicable eligibility and income requirements.

The Authority had entered into a cooperation agreement with the City of Milwaukee whereby any low-rent housing developed by the Authority receiving federal assistance from the United States of America shall make annual payments in lieu of taxes in an amount equal to 10 percent of the shelter rent. Shelter rent is defined as the total of all rents charged to tenants less the cost of utilities. Lapham Park is subject to the same agreement with respect to its public housing units.

Lapham Park entered into a Declaration of Condominium agreement to form Lapham Park Condominium. Under the agreement, the building was divided into two units which are occupied by the project.

The Authority had a noncancelable operating lease agreement with Verizon Wireless to rent a portion of its rooftop space for antenna systems and storage areas for communication transmitters. In February 2012, the Authority assigned its interest in the lease to Lapham Park. Payments on the lease increase 4 percent each year. The lease originally expired December 31, 2019 and was renewed for an additional five years. The renewed lease expires December 31, 2025. The lease includes five remaining five year options to renew.

Lapham Park entered into a noncancelable operating lease agreement with T-Mobile to rent a portion of its rooftop space for the maintenance and operation of telecommunications equipment. The lease requires an annual lease payment of $27,000 commencing in 2017 which is to increase 4 percent each year. The lease expires April 2022. The lease includes five remaining five year options to renew. Rooftop lease income included in rental income totaled $65,141 for the year ended December 31, 2020. Future minimum rental income under the rooftop leases is $66,729, $46,788, $36,984, $37,724, $38,478 for the years 2021, 2022, 2023, 2024 and 2025, respectively.

In connection with the AHP note with the Authority, the project must comply with certain affordability requirements outlined in an AHP Subsidy Agreement between the Authority and the Federal Home Loan Bank.

Westlawn Renaissance II

Westlawn Renaissance II entered into an operating agreement with the Authority. Provisions of the operating agreement required Westlawn Renaissance II to fund a replacement reserve for Victory Manor and WG Scattered Sites in an initial amount of $18,000 and $9,000, respectively. Commencing on July 1, 2019, monthly deposits are required in an amount of $300 per unit per year for the first year increasing by 3 percent each anniversary of the replacement reserve commencement date. The replacement reserve shall be used to fund capital improvements and repairs as approved by the investor member. The replacement reserve balance was $61,163 at December 31, 2020.

The operating agreement requires Westlawn Renaissance II to establish and maintain an operating reserve for Victory Manor and WG Scattered Sites with minimum balances of $200,000 and $130,000, respectively. If the balance is less than the minimum, Westlawn Renaissance II shall deposit funds from cash flow into the reserve in the priority as set for the in the operating agreement. The reserve shall be maintained through the 15 year tax credit compliance period. Upon the 3 year anniversary of the achievement of stabilized occupancy, as defined in the operating agreement, any excess amounts in the operating reserve shall be released to pay applicable principal and interest on the mortgage notes payable due to the Authority. On the eleventh anniversary of the completion date and each year thereafter, the required balance in the operating reserve may be reduced in accordance with the operating agreement. The operating reserves have not been funded as of December 31, 2020.

The lower tier entities of Westlawn Renaissance II entered into management agreements with an unaffiliated entity. Under these agreements, Westlawn Renaissance II is obligated to pay a management fee equal to $25.50 per unit per month. The management fees incurred under this agreement totaled $27,360 for the year ended December 31, 2020.

The lower tier entities of Westlawn Renaissance II entered into a Land Use Restriction Agreement with WHEDA as a condition to receiving financing and an allocation of low-income housing tax credits. Under these agreements, the lower tier entities of Westlawn Renaissance II must continuously comply with IRC Section 42 and other applicable sections of the IRC. The agreement places occupancy restrictions on rents and the minimum percent of units which shall be occupied by individuals or families whose income meets the requirements set under IRC Section 42. If the lower tier entities of Westlawn Renaissance II fail to comply with this agreement or with the IRC, it may be ineligible for low-income housing tax credits and the members may be required to recapture a portion of the tax credits previously claimed on their income tax returns. In addition, noncompliance may require an adjustment to the contributed capital of the investor member. Westlawn Renaissance II is obligated to certify tenant eligibility.

The lower tier entities entered into LURAs with WHEDA as condition to obtaining financing. The agreements with WHEDA place occupancy restrictions on rents charged and the minimum set aside of units occupied by targeted individual or families whose income meets the requirements as described in the LURAs. The agreements expire when the WHEDA loans are paid in full.

The Authority anticipates entering into a cooperation agreement with the City of Milwaukee whereby any low-rent housing developed by the Authority receiving federal assistance from the United States of America shall make annual payments in lieu of taxes in an amount equal to 10 percent of the shelter rent. Shelter rent is defined as the total of all rents charged to tenants less the cost of utilities. Westlawn Renaissance II is subject to the same agreement with respect to the public housing units.

The lower tier entities of Westlawn Renaissance II and the Authority entered into a RAD Conversion Commitment with HUD in December 2016 pursuant to which the public housing units were converted to Section 8 project based-vouchers effective April 1, 2017. The lower tier entities of Westlawn Renaissance II entered into a Project Based Voucher Housing Assistance Payments Contract with the Authority whereby the Authority agrees to make housing assistance payments to the project for 44 of the units in Victory Manor and 18 units in WG Scattered Sites. The HAP contract is effective April 1, 2017 and has an initial term of 20 years set to expire February 28, 2037. Gross rental income under the HAP contract represents approximately 58 percent of rental income for the year ended December 31, 2020. The lower tier entities of Westlawn Renaissance II and the Authority entered into a RAD Use Agreement with HUD pursuant to the RAD HAP contract which will coincide with the term of the HAP contract. The assisted units are to be leased in accordance with the RAD HAP contract, including applicable eligibility and income requirements.

Holton Terrace

Holton Terrace has entered into an operating agreement with the Authority. Provisions of the agreements require Holton Terrace to fund a replacement reserve in an initial amount of $60,000 upon no later than the Second Capital Contribution date, December 1, 2020. Holton Terrace is then required to make annual deposits equal to $500 per unit per year for the first year, increasing by 3 percent per year. The replacement reserve shall be used to replace capital assets or provide capital improvements. The replacement reserve balance was not funded as of December 31, 2020.

The operating agreement requires Holton Terrace to establish an operating reserve of at least $398,500 no later than the second capital contribution date, December 1, 2020. Funds from the operating reserve are to be used primarily to fund operating deficits. Withdrawals may be made only upon the approval of the special member. The operating reserve balance was not funded as of December 31, 2020.

The operating agreement requires Holton Terrace to establish a capital needs reserve in an initial amount of $400,000. The account shall be held by WHEDA and withdrawals are subject to the special member's consent. Any amounts remaining in the reserve after the compliance period shall be released as net cash flow, as defined in the operating agreement. The capital needs reserve balance was $406,596 as of December 31, 2020.

Holton Terrace entered into Land Use Restriction Agreements with WHEDA as a condition to receiving an allocation of low-income housing tax credits. Under this agreement, Holton Terrace must continuously comply with IRC Section 42 and other applicable sections of the IRC. The agreement places occupancy restrictions on rents and the minimum percent of units which shall be occupied by individuals or families whose income meets the requirements set under IRC Section 42. If Holton Terrace fails to comply with this agreement or with the IRC, Holton Terrace may be ineligible for low-income housing tax credits; and the members may be required to recapture a portion of the tax credits previously claimed on their income tax returns. In addition, noncompliance may require an adjustment to the contributed capital of the investor member. Holton Terrace is obligated to certify tenant eligibility. In connection with the WHEDA mortgage note describe in Note 2, Holton Terrace has entered into a Land Use Restriction Agreement with WHEDA which requires, among other things, that Becher Court set aside at least 100 units for occupancy by individuals or families whose income do not exceed 60 percent of the County area median income and 20 units for occupancy by individuals or families whose incomes do not exceed 80 person of the County area median income. This agreement expires upon repayment of the mortgage note in full.

The Authority had entered into a lease with a third party to lease ground space for the purpose of constructing, maintaining and operating a cellular tower. Concurrent with the sale of the property to Holton Terrace, the Authority assigned its interest in the lease to Holton Terrace. The lease requires annual payments of $31,500 through November 2022, increasing by 4 percent each annual anniversary of the commencement date. The lease includes five successive five year options to renew. Rental income earned under this lease totaled $34,298 for the year ended December 31, 2020. Future minimum rental income for this lease is $35,669 and $30,709 for the years 2021 and 2022, respectively.

Holton Terrace entered into a management agreement with an unaffiliated entity. Under this agreement, Holton Terrace is obligated to pay a management fee equal to $27.50 per unit per month. The management fees incurred under this agreement totaled $39,600 for the year ended December 31, 2020.

Holton Terrace and the Authority entered into a Rental Assistance Demonstration (RAD) Conversion Commitment with HUD in July 2019 pursuant to which the public housing units were converted to Section 8 project based-vouchers effective September 1, 2019. Holton Terrace entered into a Project Based Voucher Housing Assistance Payments (HAP) Contract with the Authority whereby the Authority agrees to make housing assistance payments to the project for 120 of the units. These units have been designated for elderly or disabled families under the contract. The HAP contract is effective September 1, 2019 and has an initial term of 20 years set to expire September 1, 2039. Gross rental revenue under the HAP contract represents approximately 33 percent of rental income for the year ended December 31, 2020. Holton Terrace and the Authority entered into a RAD Use Agreement with HUD pursuant to the RAD HAP contract which will coincide with the term of the HAP contract. The assisted units are to be leased in accordance with the RAD HAP contract, including applicable eligibility and income requirements.

The Authority entered into a payment in lieu of taxes (PILOT) agreement with the City of Milwaukee, based on the determination that the property is exempt from taxation under the Wisconsin statutes. The PILOT is to be 10 percent of the difference between rental income collected from the tenants and the utilities of the property through the term of the agreement. Holton Terrace is subject to the same agreement with respect to the low-income housing units. PILOT totaled $23,289 for the year ended December 31, 2020.

In February 2021, Holton Terrace received $1,133,145 in proceeds from the Authority construction and term mortgage which was used to pay development costs. As of the September 16, 2021, Holton Terrace received $1,177,772 in proceeds from the Associated Bank construction mortgage note payable which was used to pay development costs.

Becher Court

Becher Court entered into an operating agreement with the Authority. Under provisions of the operating agreement, Becher Court is required to make an initial deposit of $36,000 from the first capital contribution. Beginning with the date required by the Authority or the six month anniversary of the completion date, but in no event later than July 1, 2022, annual deposits are required in the initial amount of $300 per unit to the replacement reserve, made in equal monthly deposits. Under the operating agreement, the deposits are to increase by 3 percent each anniversary of the replacement reserve commencement date. Disbursements are restricted to capital improvements and repairs and require approval of the investor member. The replacement reserve was $36,035 at December 31, 2020.

Under provisions of the operating agreement, Becher Court shall establish an operating reserve in the amount of at least $412,790 from the fourth capital contribution. Funds from the operating reserve may be used to pay for operating or other expenses, which require consent of the investor member if the balance of the operating reserve falls below $412,790 after such withdrawal. Becher Court is required to fund the operating reserve from available cash flow as defined in the operating agreement in order to maintain a balance of $412,790 at all times. The reserve shall be maintained throughout the 15 year tax credit compliance period. Upon the 3 year anniversary of the achievement of stabilized occupancy, as defined in the operating agreement, any excess amounts in the operating reserve shall be released to pay applicable principal and interest on the mortgage notes payable due to the Authority. Beginning on the eleventh anniversary of the completion date and each year thereafter, the required balance in the operating reserve may be reduced in accordance with the operating agreement. The operating reserve has not been funded as of December 31, 2020.

Under provisions of the operating agreement, Becher Court shall establish a unit turnover reserve in an amount of $269 per unit per year, payable monthly, in equal monthly installments, beginning on the replacement reserve commencement date. Under the operating agreement, the deposits are to increase by 3 percent on each anniversary of the replacement reserve commencement date. Disbursements are restricted to fund repairs, capital expenditures and other costs approved by the investor member in an annual operating budget. Withdrawals from the reserve require approval from the investor member. The unit turnover reserve has not been funded as of December 31, 2020.

Becher Court and the Authority entered into RAD Conversion Commitments with HUD in June 2020 pursuant to which the public housing units were converted to Section 8 project based vouchers effective August 1, 2020. Becher Court entered into a Project Based Voucher Housing Assistance Payments Contract with the Authority whereby the Authority agrees to make housing assistance payments to the project for 120 of the units. The HAP contract is effective August 1, 2020 and has an initial term of 20 years set to expire July 31, 2040. Rental revenue under the HAP contract represents approximately 33 percent of rental income (excluding cellular tower income) for the year ended December 31, 2020. Becher Court entered into a RAD Use Agreement with HUD pursuant to the RAD HAP contract which will coincide with the term of the HAP contract. The assisted units are to be leased in accordance with the RAD HAP contract, including applicable eligibility and income requirements.

The Authority entered into a payment in lieu of taxes (PILOT) agreement with the City of Milwaukee, based on the determination that the property is exempt from taxation under the Wisconsin statutes. The PILOT is to be 10 percent of the difference between rental income collected from the tenants and the utilities of the property through the term of the agreement. Becher Court is subject to the same agreement with respect to the low-income housing units. PILOT totaled $10,448 for the year ended December 31, 2020.

Becher Court has entered into a Land Use Restriction Agreement with WHEDA as a condition to receiving financing and an allocation of low-income housing tax credits. Under these agreements, Becher Court must continuously comply with IRC Section 42 and other applicable sections of the IRC. The agreement places occupancy restrictions on rents and the minimum percent of units which shall be occupied by individuals or families whose income meets the requirements set under IRC Section 42. If Becher Court fails to comply with this agreement or with the IRC, it may be ineligible for low-income housing tax credits and the members may be required to recapture a portion of the tax credits previously claimed on their income tax returns. In addition, noncompliance may require an adjustment to the contributed capital of the investor member. Becher Court is obligated to certify tenant eligibility. In connection with the WHEDA mortgage note describe in Note 2, Becher Court has entered into a Land Use Restriction Agreement with WHEDA which requires, among other things, that Becher Court set aside at least 100 units for occupancy by individuals or families whose income do not exceed 60 percent of the County area median income. This agreement expires upon repayment of the mortgage note in full.

The Authority had entered into a noncancelable operating lease with a third party to lease ground space for the purpose of constructing, maintaining and operating cellular towers. Concurrent with the sale of the property to Becher Court, the Authority assigned its interest in the lease to Becher Court. The lease requires annual payments of varying amounts through June 2023, increasing by 4 percent each annual anniversary of the commencement date. Rental income earned under this lease totaled $19,067 for the year ended December 31, 2020. Future estimated rental income for this lease is $36,260, $37,710 and 19,225 for the years 2021, 2022 and 2023, respectively.

The Authority entered into a Declaration of Condominium agreement to form Becher Terrace Condominium. Under the agreement, the building was divided into two units which are occupied by the project.

Westlawn Renaissance III

Westlawn Renaissance III entered into an operating agreement with the Authority. Under provisions of the operating agreement, Westlawn Renaissance III is required to make an initial deposit of $28,200 from the fifth capital contribution from the investor member. Beginning with the date required by the Authority or the six month anniversary of the completion date, but in no event later than July 1, 2020, annual deposits are required in the initial amount of $300 per unit to the replacement reserve, made in equal monthly deposits. Under the operating agreement, the deposits are to increase by 3 percent each anniversary of the replacement reserve commencement date. Disbursements are restricted to capital improvements and repairs to the project. Withdrawals require approval of the investor member and the lender. The replacement reserve has not been funded as of December 31, 2020.

The WHEDA Operating Deficit Reserve and Security Agreement and the operating agreement require Westlawn Renaissance III to establish an operating reserve in the amount of at least $300,000. Under provisions of the operating agreement, the reserve is to be funded on the date of recipient of the investor member's fourth capital contribution while the agreement with WHEDA requires the reserve to be established on or before the conversion date of the WHEDA loan. Funds from the operating reserve may be used to pay for operating or other expenses, which require consent of the investor member if the balance of the operating reserve falls below $300,000 after such withdrawal. Westlawn Renaissance III is required to fund the operating reserve from available cash flow as defined in the operating agreement in order to maintain a balance of $300,000 at all times. The reserve shall be maintained through the 15 year tax credit compliance period. Upon the 3 year anniversary of the achievement of stabilized occupancy, as defined in the operating agreement, any excess amounts in the operating reserve shall be released to pay applicable principal and interest on the mortgage notes payable due to the Authority. Beginning on the eleventh anniversary of the completion date and each year thereafter, the required balance in the operating reserve may be reduced in accordance with the operating agreement. The operating reserve has not been funded as of December 31, 2020.

Westlawn Renaissance III and the Authority entered into RAD Conversion Commitments with HUD in December 2016 pursuant to which the public housing units were converted to Section 8 project based vouchers effective May 1, 2019. Westlawn Renaissance III entered into a Project Based Voucher Housing Assistance Payments Contract with the Authority whereby the Authority agrees to make housing assistance payments to the project for 84 of the units. The HAP contract is effective May 1, 2019 and has an initial term of 20 years set to expire April 30, 2039. Rental revenue under the HAP contract represents approximately 67 percent of rental for the year ended December 31, 2020. Westlawn Renaissance III entered into a RAD Use Agreement with HUD pursuant to the RAD HAP contract which will coincide with the term of the HAP contract. The assisted units are to be leased in accordance with the RAD HAP contract, including applicable eligibility and income requirements.

Westlawn Renaissance III entered into an AHP Retention / Recapture Agreement for Rental Projects Using Low Income Housing Tax Credits which requires that the project maintain certain affordability requirements for a period of 15 years from the date of project completion.

The Authority anticipates entering into a cooperation agreement with the City of Milwaukee whereby any low-rent housing developed by the Authority receiving federal assistance shall make annual payments in lieu of taxes (PILOT) in an amount equal to 10 percent of the shelter rent. Shelter rent is defined as the total of all rents charged to tenants less the cost of utilities. Westlawn Renaissance III is subject to the same agreement with respect to the low-income housing units.

Westlawn Renaissance III has entered into a Land Use Restriction Agreement with WHEDA as a condition to receiving financing and an allocation of low-income housing tax credits. Under these agreements, Westlawn Renaissance III must continuously comply with IRC Section 42 and other applicable sections of the IRC. The agreement places occupancy restrictions on rents and the minimum percent of units which shall be occupied by individuals or families whose income meets the requirements set under IRC Section 42. If Westlawn Renaissance III fails to comply with this agreement or with the IRC, it may be ineligible for low-income housing tax credits and the members may be required to recapture a portion of the tax credits previously claimed on their income tax returns. In addition, noncompliance may require an adjustment to the contributed capital of the investor member. Westlawn Renaissance III is obligated to certify tenant eligibility. In connection with the WHEDA mortgage note describe in Note 2, Westlawn Renaissance III has entered into a Land Use Restriction Agreement with WHEDA. The agreements with WHEDA place occupancy restrictions on rents charged and the minimum set aside of units occupied by targeted individuals or families whose income meets the requirements as describe in the agreements. The agreements expire upon repayment of the mortgage notes in full.

Westlawn Renaissance III has entered into a management agreement with an unaffiliated entity. Westlawn Renaissance III is obligated to pay a management fee equal to $25.50 per unit per month. Management fees incurred totaled $21,573 for the year ended December 31, 2020. During the lease up period, Westlawn Renaissance III is obligated to pay $35 per tenant application reviewed, $50 per home visit conducted, $60 per tenant income certification and $20 for each initial tenant file reviewed by the management agent's consultant. There were no lease up fees incurred in the year ended December 31, 2020.

Merrill Park

Merrill Park entered into an operating agreement with the Authority. Under the provisions of the operating agreement, Merrill Park is required to fund a replacement reserve with an initial deposit of $36,000 no later than the third capital contribution date, November 1, 2021. Merrill Park is then required to make annual deposits equal to $300 per unit, which shall increase 3 percent per year. The replacement reserve shall be used for the purpose of replacing capital assets or providing capital improvements. Withdrawals may be made only upon the approval of investor member. The replacement reserve was not funded as of December 31, 2020.

Under the provisions of the operating agreement, Merrill Park is required to fund an operating reserve in the initial amount of $400,000 no later than the third capital contribution date, November 1, 2021. The operating reserve, including interest thereon, is to be utilized primarily to fund operating deficits. Withdrawals may be made only upon the approval of the special investor member. The operating reserve was not funded as of December 31, 2020.

Merrill Park and the Authority entered into RAD Conversion Commitments with HUD in December 2019 pursuant to which the public housing units were converted to Section 8 project based vouchers effective February 1, 2020. Merrill Park entered into a Project Based Voucher Housing Assistance Payments Contract with the Authority whereby the Authority agrees to make housing assistance payments to the project for 120 of the units. The HAP contract is effective February 1, 2020 and has an initial term of 20 years set to expire February 1, 2040. Rental revenue under the HAP contract represents approximately 51 percent of rental income (excluding cellular tower income) for the year ended December 31, 2020. Merrill Park entered into a RAD Use Agreement with HUD pursuant to the RAD HAP contract which will coincide with the term of the HAP contract. The assisted units are to be leased in accordance with the RAD HAP contract, including applicable eligibility and income requirements.

The Authority entered into a payment in lieu of taxes (PILOT) agreement with the City of Milwaukee, based on the determination that the property is exempt from taxation under the Wisconsin statutes. The PILOT is to be 10 percent of the difference between rental income collected from the tenants and the utilities of the property through the term of the agreement. Merrill Park is subject to the same agreement with respect to the low-income housing units. PILOT totaled $28,188 for the year ended December 31, 2020.

Merrill Park has entered into a Land Use Restriction Agreement with WHEDA as a condition to receiving financing and an allocation of low-income housing tax credits. Under these agreements, Merrill Park must continuously comply with IRC Section 42 and other applicable sections of the IRC. The agreement places occupancy restrictions on rents and the minimum percent of units which shall be occupied by individuals or families whose income meets the requirements set under IRC Section 42. If Merrill Park fails to comply with this agreement or with the IRC, it may be ineligible for low-income housing tax credits and the members may be required to recapture a portion of the tax credits previously claimed on their income tax returns. In addition, noncompliance may require an adjustment to the contributed capital of the investor member. Merrill Park is obligated to certify tenant eligibility. The low-income housing tax credit agreement expires 30 years from the anniversary of project completion. In connection with the WHEDA mortgage note described in Note 2, Merrill Park has entered into a Land Use Restriction Agreement with WHEDA which requires, among other things, that Merrill Park set aside at least 100 units for occupancy by individuals or families whose incomes do not exceed 60 percent of the County area median income. The agreement expires upon repayment of the mortgage note in full.

The Authority had entered into a noncancelable operating lease agreements with a third parties to lease ground space for the purpose of constructing, maintaining and operating cellular towers. Concurrent with the sale of the property to Merrill Park, the Authority assigned its interest in the leases to Merrill Park. The leases require annual payments of varying amounts through December 2025, increasing annually. Rental income earned under this lease totaled $103,163 for the year ended December 31, 2020. Future estimated rental income for this lease is $85,601, $47,215, $39,988, $41,587 and $43,251 for the years 2021, 2022, 2023, 2024 and 2025, respectively.

Economic Dependency

The Authority is economically dependent on annual contributions and grants from the U.S. Department of Housing and Urban Development (HUD). The Authority operates at a loss prior to receiving contributions and grants from HUD.

Related Party Transactions

Eleven of the individuals who work for the Authority are employees of the City of Milwaukee. Wages and related fringe benefits are paid by the City of Milwaukee and reimbursed by the Authority. Wages and related fringe benefits reimbursed to the City by the Authority were approximately $3,192,602 in 2020. In addition, during 2020 the Authority paid the City approximately $454,446, for administrative services and overhead expenses. The liability as of year-end totaled $991,790 is included in accounts payable as of December 31, 2020.

In accordance with an agreement with the City of Milwaukee, the Authority makes PILOT to the City equal to 10 percent of the Authority's net shelter rental income. The PILOT for 2020, paid in 2021 was $1,103,879 and is included in accrued liabilities as of December 31, 2020.

Component Units

Carver Park

Carver Park entered into a management agreement with Friends of Housing Corporation (Friends), a member of the general partner, for a management fee equal to $30.00 per unit during 2018. The management fees incurred under this agreement totaled $46,116 for the year ended December 31, 2020.

Carver Park has entered into R&O Agreements with the Authority. Provisions of the R&O Agreements require Carver Park to maintain 27 and 24 units as public housing units in Carver I and Carver II, respectively. Carver Park shall use its best efforts to achieve and maintain tiers of persons with income of 30 percent, 50 percent and 60 percent of county median incomes residing in the public housing units. With regards to the public housing units, the Authority is to pay operating subsidies to Carver Park equal to the difference between rents received from tenants residing in the public housing units and operating expenses for those units. The agreements expire on December 31, 2041. Operating subsidies totaling $205,828 were earned for the year ended December 31, 2020. Included in accounts receivable on the statement of net position are operating subsidy receivables of $178,020 as of December 31, 2020.

Carver Park is obligated to pay the Authority an annual authority oversight fees to cover its asset management responsibilities in administering the operating subsidy in the amounts of $27,000 and $24,000 for Carver I and Carver II, respectively. The Authority will forego the Authority oversight fee to the extent of any public housing shortfall. Authority oversight fees totaled $51,000 for the year ended December 31, 2020. Accrued authority oversight fees were $204,000 as of December 31, 2020.

Accounts payable includes amounts due to the Authority for reimbursement of expenses paid on behalf of Carver Park totaling $13,203 as of December 31, 2020.

Highland Park

Highland Park is obligated to pay an annual asset cumulative management fee to the former investor member in the amount of $5,000, which is payable from cash flow as defined in the operating agreement. Accrued asset management fees were $0 as of December 31, 2020.

The Authority is required to jointly and severally fund all operating deficits for the 36 month period after the breakeven date and achievement of permanent loan closing in the form of an operating deficit advance, with a maximum cumulative operating deficit advance of $300,000. The guarantee amount reduces to $150,000 on the second anniversary of achievement of the operating deficit requirements. The guarantee further reduces to zero on the third anniversary of achievement of the operating deficit requirements. Operating deficit advances bear interest at 8 percent. There has been no operating deficit advances made to Highland Park as of December 31, 2020.

The Authority has also guaranteed the amount of the low-income housing tax credits to be generated by the project. Total operating deficit and tax credit and guarantees shall not exceed the cumulative amount of $1,000,000.

Highland Park was obligated to pay the Authority an authority oversight fee to cover its asset management responsibilities in administering the operating subsidy in the amounts of $46,000. Highland Park did not incur oversight fees for the period ended December 31, 2020. Accrued authority oversight fees included in accrued expenses were $34,938 as of December 31, 2020.

Highland Park entered into a RAD loan note payable to the Authority. The note is noninterest bearing and unsecured. The note is due April 23, 2038. The balance of the note payable was $793,888 as of December 31, 2020.

Included in Highland Park accounts payable are amounts totaling $5,797 as of December 31, 2020 due to the Authority for expenses paid on Highland Park's behalf including RAD conversion costs and maintenance costs.

On March 1, 2020, Highland Park Development, LLC and Travaux, Inc purchased and were assigned 99.98 percent and 0.01 percent, respectively, of the investor member's interest in Highland Park. Under the transfer and assignment agreement, the investor member will be allocated losses through February 29, 2020 and the new investor members will be allocated losses after February 29, 2020. In connection with the purchase, the former investor member's equity balance at February 29, 2020 was transferred to the new investor members. The net effect of the transfer on equity was $0.

Cherry Court

Cherry Court entered into a management agreement with Friends. Under this agreement, Cherry Court is obligated to pay a monthly management fee equal to $28.00 per unit for 2020, not to exceed 6 percent of gross annual income. The management fees incurred under this agreement totaled $39,600 for the year ended December 31, 2020. Friends is also paid an administrative fee related to application review, home visits and completing the tenant income certification related to certifying tenant compliance.

Cherry Court is obligated to pay the investor member an annual cumulative asset management fee of $3,500. The asset management fee shall increase annually by 3 percent and is only payable from cash flow. Asset management fees incurred were $5,292 for the year ended December 31, 2020.

The Authority has guaranteed the amount of the low-income housing tax credits to be generated by the project. Total operating deficit and tax credit guarantees shall not exceed the cumulative amount of $300,000.

Included in accounts payable of the statement of net position are operating subsidies payable of $23,767 as of December 31, 2020. The R&O Agreement was terminated November 30, 2017 upon conversion of the public housing units to Section 8 assistance under the RAD program.

Cherry Court entered into a RAD replacement reserve loan note payable to the Authority. The note is noninterest bearing and unsecured. Payments on the note may be made to the extent of available cash flow. The note is due December 31, 2037. The balance of the note payable was $198,546 as of December 31, 2020.

Accounts receivable consists of amounts due from Friends of Housing Corporation, a member of the managing member, for payroll, property management fees and other reimbursements totaling $34,438 as of December 31, 2020.

Convent Hill

Convent Hill is obligated to pay the investor member or its affiliate an annual asset management fee in the initial amount $3,500. The asset management fee shall increase annually by 3 percent and is payable from cash flow. Asset management fees incurred were $4,843 for the year ended December 31, 2020. Accrued asset management fees included in accrued expenses were $9,545 as of December 31, 2020.

The Authority has guaranteed the amounts of the low income housing tax credits to be generated by the project. Total tax credit guarantees shall not exceed $100,000.

Convent Hill had entered into an R&O Agreement with the Authority which was terminated effective July 1, 2018 upon conversion of the public housing units to Section 8 assistance under the RAD program. Included in accounts payable on statement of net position are operating subsidy payables of $8,725 as of December 31, 2020 in accordance with the R&O Agreement with the Authority prior to termination in 2018.

Convent Hill entered into a Declaration of Condominium agreement (Declaration) with Convent Hill Retail, LLC; FOH, LLC: and Convent Hill Gardens Limited Partnership to form Convent Hill Condominium Association, Inc. (Association). Under the agreement, the building was divided into six units, one of which is occupied by the project. The Declaration specifies that the project's percentage interest in general common elements (i.e. the building, roof and foundation, mechanical rooms, driveways and sidewalks) is 59.99 percent. The Declaration specifies that the project's percentage interest in limited common elements specific to the residential units only (includes computer room, lobby, community room, laundry facilities, kitchen, outdoor terraces etc.) is 68.17 percent. The project's percentage interest in limited common elements specific to the residential units and the office unit (includes corridors and electrical rooms) is 65.7 percent.

The Board of Directors of the Association shall annually adopt a budget of common expenses and assess each unit accordingly. The assessments for these common expenses are payable in monthly installments and are based on the limited common elements percentages identified in the previous paragraph. However, if and to the extent the Board determines that usage or benefit of any particular common expense varies among the units, the board may allocate such differential common expenses to individual units based on the Board's best estimate. Included in the common expenses are costs such as utilities, landscaping, shared labor and materials, janitorial services, insurance, garbage and recycling services, elevator and the office telephone. Condominium fees totaled $317,730 for the year ended December 31, 2020. Included in accrued expenses are amounts due to the Association totaling $134,123 as of December 31, 2020.

Convent Hill has entered into a management agreement with Friends. Under this agreement, Convent Hill is obligated to pay a management fee equal to $27.00 per unit not to exceed 6 percent of gross annual income. The management fees incurred under this agreement totaled $25,920 for the year ended December 31, 2020. Friends is also paid an administrative fee related to application review, home visits and completing the tenant income certification related to certifying tenant compliance.

Scattered Sites

Scattered Sites entered into a development services agreement with the Authority. The agreement provides for Scattered Sites to pay a development fee totaling $700,000 to the Authority. The portion of the fee not paid under this agreement will bear interest at the long term applicable federal rate (8 percent) in effect on the Placement in Service date, compounded annually. Development fee payable was paid off in 2009. Accrued interest on the development fee was $9,271 as of December 31, 2020.

Scattered Sites is obligated to pay the special member or its affiliate an annual asset management fee in the initial amount of $3,500. Such fee shall be cumulative to the extent not paid in full in any year. The asset management fee shall increase annually by 3 percent. Asset management fees incurred were $4,990 for the year ended December 31, 2020. Accrued asset management fees were $9,835 as of December 31, 2020.

Scattered Sites had entered into an R&O Agreement with the Authority which was terminated effective December 1, 2018 upon conversion of the public housing units to Section 8 assistance under the RAD program. Included in accounts payable on the statement of net position are operating subsidy payables of $8,563 as of December 31, 2020 in accordance with the R&O Agreement with the Authority prior to termination in 2018.

Scattered Sites has entered into a management agreement with Friends. Under this agreement, Scattered Sites is obligated to pay a management fee equal to $37.50 per unit per month not to exceed 9 percent of gross annual income collected. The management fees incurred under this agreement totaled $9,596 for the year ended December 31, 2020. Friends is also paid an administrative fee related to application review, home visits and completing the tenant income certification related to certifying tenant compliance.

Scattered Sites entered into a RAD replacement reserve loan note payable to the Authority. The note is noninterest bearing and recourse to the manager. Payments on the note may be made to the extent of available cash flow. The note is due September 25, 2057. The balance of the note payable was $213,122 as of December 31, 2020.

Scattered Sites advances funds to Friends of Housing, Corporation during the year ended December 31, 2020 to cover expenses that are not attributable to the project's operations. The outstanding cash advances to be repaid totaled $54,304 as of December 31, 2020. The full outstanding balance was repaid in January 2021.

Scattered Sites II

Scattered Sites II is obligated to pay the special member or its affiliate an annual asset management fee in the initial amount of $3,500, which is payable from cash flow as defined in the operating agreement. Such fee shall be cumulative to the extent not paid in full in any year. Asset management fees incurred were $3,500 for the year ended December 31, 2020. Accrued asset management fees were $7,000 as of December 31, 2020.

Scattered Sites II is obligated to pay the manager an annual management fee in the initial amount of $7,500. Such fee shall be payable to the extent of available cash flow and increase annually by 3 percent. Scattered Sites II management fees incurred were $10,081 for the year ended December 31, 2020. Accrued management fees were $54,887 as of December 31, 2020.

Scattered Sites II has entered into a management agreement with Friends. Under this agreement, the company is obligated to pay a management fee equal to $46 per unit per month not to exceed 8 percent of gross annual income collected. The management fees incurred were $13,940 for the year ended December 31, 2020. Friends is also paid an administrative fee related to application review, home visits and completing the tenant income certification related to certifying tenant compliance.

Scattered Sites II entered into a RAD replacement reserve loan note payable to the Authority. The note is nonInterest bearing and recourse to the manager. Payments on the note may be made to the extent of available cash flow. The note is due May 5, 2059. The balance of the note payable was $243,914 as of December 31, 2020.

Olga Village

Olga Village is obligated to pay an annual cumulative asset management fee in the initial amount of $1,850 to an affiliate of the investor member commencing in 2011, increasing 10 percent every fifty anniversary. The annual fee is payable from cash flow, as defined in the operating agreement. Asset Management fees incurred were $2,035 for the year ended December 31, 2020. Accrued asset management fees were $10,175 as of December 31, 2020.

Olga Village entered into a development services agreement with the Authority. The agreement provided for Olga Village to pay a development fee totaling $1,026,952 to the Authority and a portion of the fee not paid under this agreement bore interest at the long-term applicable federal rate (3.86 percent) in effect on the completion date, compounded annually. The remaining principal balance of the development fee was paid off during 2014. Accrued interest on the development fee was $11,174 as of December 31, 2020.

Olga Village had accounts payable to the Authority totaling $15,246 as of December 31, 2020. The amounts relate to expenses paid on Olga Village's behalf by the Authority for reimbursable expenses, including RAD conversion costs, maintenance costs and insurance. The balance is noninterest bearing and due on demand.

Effective January 1, 2020, Olga Village has entered into a management agreement with Capri Communities LLC. Under this agreement, Olga Village is obligated to pay a management fee equal to $24.75 per unit per month, increasing 3 percent annually, not to exceed 6 percent of gross annual income collected. The management fees incurred under this agreement totaled $14,006 for the year ended December 31, 2020. Accrued management fees were $1,429 as of December 31, 2020. Capri is also paid an administrative fee related to application review, home visits and completing the tenant income certification related to certifying tenant compliance.

Through December 31, 2019, Olga Village had entered into a management agreement with Friends of Housing, Corporation. Under this agreement, the company is obligated to pay a management fee equal to $24.75 per unit per month not to exceed 6 percent of gross annual income collected. The management fees incurred under this agreement totaled $10,073 for the year ended December 31, 2019. Friends is also paid an administrative fee related to application review, home visits and completing the tenant income certification related to certifying tenant compliance.

Olga Village entered into a RAD loan note payable to the Authority in the amount of $57,365. The note is noninterest bearing and unsecured. The note is due April 23, 2038. The company entered into a RAD loan (subsidy reserve note payable) to the Authority in the amount of $150,000. The note is noninterest bearing and unsecured. The note is due April 23, 2038. The balance of the notes payable was $207,365 at December 31, 2020.

Westlawn Renaissance

Westlawn Renaissance is obligated to pay an annual cumulative asset management fee to the investor member in the amount of $12,500 commencing in 2013. Asset management fees incurred totaled $12,500 for the year ended December 31, 2020. Included in other current liabilities are accrued asset management fees totaling $25,000 as of December 31, 2020.

Westlawn Renaissance is obligated to pay an annual cumulative company management fee to the manager in the amount of $37,500 commencing in 2013. Such fee is payable only from cash flow and shall be paid pursuant to the terms of the operating agreement. Company management fee incurred and accrued totaled $37,500 for the year ended December 31, 2020. Included in other current liabilities are accrued company management fees totaling $150,000 as of December 31, 2020.

Westlawn Renaissance had entered into an R&O Agreement with the Authority which was terminated effective November 30, 2017 upon conversion of the public housing units to Section 8 assistance under the RAD program. Included in accounts payable on the statement of net position are operating subsidy payables of $10,042 as of December 31, 2020 in accordance with the R&O Agreement with the Authority prior to termination in 2017.

Westlawn Renaissance is obligated to pay the Authority an annual cumulative authority oversight fee in the amount of $100,000 commencing in 2013 and every year thereafter. Authority oversight fee incurred totaled $100,000 for the year ended December 31, 2020. Included in other current liabilities are accrued authority oversight fees totaling $400,000 as of December 31, 2020.

Included in Westlawn Renaissance accounts payable are amounts totaling $100,000 as of December 31, 2020 due to the Authority for storm water facilities management and expenses paid on Westlawn Renaissance's behalf including RAD conversion costs, maintenance costs and case manager services.

Lapham Park

Lapham Park is obligated to pay an annual cumulative asset management fee to the investor member in the amount of $52 per credit unit ($10,452) commencing in 2013. Asset management fee incurred totaled $10,452 for the year ended December 31, 2020. Included in accrued expenses are accrued asset management fees totaling $0 as of December 31, 2020.

Lapham Park is obligated to pay an annual cumulative company management fee to the manager in the amount equal to $150 per credit unit ($30,150) commencing in 2013. The fee is payable only from available cash flow as defined in the operating agreement. Lapham Park management fees incurred totaled $30,150 for the year ended December 31, 2020. Included in other current liabilities are accrued company management fees totaling $241,200 as of December 31, 2020.

Lapham Park had entered into an R&O Agreement with the Authority which was terminated effective May 1, 2018, upon conversion of the public housing units to Section 8 assistance under the RAD program. Included in accounts payable are operating subsidy payables of $19,636 as of December 31, 2020 in accordance with the R&O Agreement with the Authority prior to termination in 2018.

Lapham Park is obligated to pay the Authority an annual cumulative authority oversight fee in the amount of $30,150 commencing in 2013 and increasing by 3 percent every year thereafter. Authority oversight fee incurred totaled $36,001 for the year ended December 31, 2020. Included in other current liabilities are accrued authority oversight fees totaling $141,968 as of December pg31, 2020.

Lapham Park entered into a development agreement with the manager member, which provides for the payment of a development fee of $3,009,701. The entire fee has been capitalized into the cost of the buildings and is to be paid from capital contributions and project cash flow as set forth in the operating agreement. All unpaid amounts at the time of the project completion date shall bear interest at the long-term AFR as of the date of completion (2.4 percent), compounded annually. In the event the entire development fee has not been paid within 13 years of the date of completion of the project, the unpaid fee and accrued interest shall be paid by the manager member as a development fee advance which is only repayable from available cash flow. Development fee payable was $2,196,403 as of December 31, 2020. Interest expense incurred on the development fee payable totaled $56,684 for the year ended December 31, 2020. Accrued interest totaled $222,104 as of December 31, 2020.

Westlawn Renaissance II

Westlawn Renaissance II is obligated to pay an annual asset management fee commencing in 2019 and continuing until the expiration of the compliance period to the investor member in the initial amount of $75 per credit unit, increasing 3 percent annually. The annual fee is payable from cash flow, as defined in the operating agreement. Asset Management fees incurred were $6,490 for the year ended December 31, 2020. Accrued asset management fees were $6,490 as of December 31, 2020.

The lower tier entities of Westlawn Renaissance II entered into a development services agreement with the managing member. The agreement provided for the lower tier entities to pay a development fee of $1,338,140 and $1,618,939 for Victory Manor and WG Scattered Sites, respectively. The entire fee has been earned and capitalized into the cost of the rental property. The total fee is to be paid from capital contributions and project cash flow as set forth in the operating agreement. In the event the entire development fees have not been paid by the thirteenth anniversary of the completion date, as defined in the agreement, the managing member shall immediately make a capital contribution to Westlawn Renaissance II sufficient to satisfy the remaining unpaid portion of the fee. The development fee payable was $1,888,009 as of December 31, 2020.

For the 60 month period following the achievement of stabilized occupancy, the manager member is required to fund all operating deficits in the form of an operating deficit advance, with a maximum cumulative operating deficit advance of $176,000 and $118,000 for Victory Manor and WG Scattered Sites, respectively. Any operating deficit advances shall be treated as a loan and be noninterest bearing. Operating deficit advances are repayable from available cash flow as defined in the operating agreement. There were no operating deficit advance loans made to Westlawn Renaissance II as of December 31, 2020.

In connection with the development of projects, Victory Manor and WG Scattered Sites entered into construction contracts with an affiliate of the manager member in the amount of $12,792,346 and $7,289,083, respectively. Profit and overhead earned on the contract totaled $268,419.

The operating agreement provides for Westlawn Renaissance II to pay an annual company management fee to the managing member in the initial amount of $4,500 and $2,250 for Victory Manor and WG Scattered Sites, respectively, commencing in 2019. The company management fees are to increase 3 percent annually. The fee is payable out of operating cash flow as defined in the operating agreement and shall be cumulative and accrued if not paid. Company management fees incurred were $6,953 as of December 31, 2020. Included in other current liabilities are accrued asset management fees totaling $13,703 as of December 31, 2020.

After the expiration of the 15 year compliance period, Westlawn Renaissance II may not sell the projects to any third party that has made a bona fide purchase offer, without first offering the Authority the right of first refusal to purchase the property. Westlawn Renaissance II shall offer the property to the manager member at a price equal to the sum of the outstanding debt plus an amount sufficient to enable Westlawn Renaissance II to make liquidation distributions pursuant to the operating agreement.

After the end of the credit period, the investor member has the right to put its interest to the Authority. The option price to purchase will be the balance of all unpaid amounts due to the investor member plus $1,000 and the costs of transfer interest.

During the year ended December 31, 2019, the Authority advanced funds to the Victory Manor and WG Scattered Sites to cover debt service payments and development expenses until development funds are received. These advances are noninterest bearing. These advances totaled $111,472 as of December 31, 2020.

Holton Terrace

Holton Terrace is obligated to pay an annual cumulative asset management fee to the special member in the amount of $6,000 commencing in 2019 and increasing by 3 percent annually. Fees are payable solely from available cash flow as defined in the operating agreement. Asset management fees incurred totaled $12,000 for the year ended December 31, 2020. Accrued asset management fees were $10,500 as of December 31, 2020.

The managing member is obligated to provide all funds required of Holton Terrace to complete development of the property to the extent the funds are not then available under the mortgage notes payable, construction loans or investor member capital contributions. In addition, the managing member is obligated to fund operating deficits until Stabilized Occupancy is achieved as defined in the operating agreement.

The operating agreement requires the managing member to fund operating deficits occurring after the period of Stabilized Occupancy, as defined in the operating agreement. This is to continue until the balance in the Operating Reserve is $398,500. Any operating deficit advances shall be treated as a loan and bear interest at 5 percent. Operating deficit advances are repayable from available cash flow as defined in the operating agreement. There were no operating deficit advance loans made to Holton Terrace as of December 31, 2020.

In connection with the development of the project, Holton Terrace entered into a construction contract with an affiliate of the manager member in the amount of $4,839,516. The total amount of the contract completed through December 31, 2020 was $3,798,794. Profit and overhead earned on the contract was $252,465 as of December 31, 2020. The balance of the construction contract in construction payables was $991,882 as of December 31, 2020. As of September 16, 2021, the company incurred additional $722,356 in costs through the construction contract.

Included in Lapham Park accounts payable are amounts totaling $321,499 as of December 31, 2020 due to the Authority for expenses paid on Holton Terrace's behalf. Also included in accounts payable are amounts due to Travaux, an affiliate of the Authority, for reimbursements of payroll and other operating expenses totaling $56,117 as of December 31, 2020.

Holton Terrace entered into a development services agreement with the Authority. The agreement provided for Holton Terrace to pay a development fee totaling $798,200 to the Authority. The Authority has earned the entire fee as of December 31, 2020. This amount has been capitalized into rental property. It is anticipated that the development fee will be paid from proceeds of capital contributions made by the investor member and cash flow as set forth in the operating agreement. In the event the entire development fee has not been paid by the end of the tax credit compliance period, the managing member shall immediately make a capital contribution to Holton Terrace sufficient to satisfy the remaining unpaid portion of the fee. The development fee payable was $473,200 as of December 31, 2020.

Holton Terrace has granted the Authority on option to purchase the project or the investor members' interests after the close of the ten year credit period. The purchase price under the project option is the greater of an amount sufficient to pay all debts and liabilities of Holton Terrace or the fair market value. Under the membership interest option, the purchase price is the greater of the fair market value or an amount sufficient to pay amounts due and owing to the investor member or the special investor member.

After the expiration of the fifteen year compliance period, Holton Terrace may not sell the project to any third party that has made a bona fide purchase offer, without first offering the Authority the right of first refusal to purchase the property. Holton Terrace shall offer the property to the managing member at the greater of a price equal to the sum of Holton Terrace's outstanding debt plus and amount sufficient to enable Holton Terrace to make liquidation distributions pursuant to the operating agreement of fair market value.

Becher Court

Becher Court is obligated to pay an annual asset management fee to the investor member in the initial amount of $75 per credit unit commencing in 2022, increased 3 percent annually. There were no asset management fees incurred as of December 31, 2020.

Becher Court is obligated to pay a monthly management fee equal to $30 per unit. Management fees incurred totaled $21,600 for the year ended December 31, 2020. Accrued asset management fees were $14,400 as of December 31, 2020.

Becher Court entered into a development services agreement with the Authority. The agreement provides for Becher Court to pay a development fee totaling $957,537 to the Authority. As of December 31, 2020, the Authority has earned $191,471 of this fee and has been paid $239,339. This amount has been capitalized into construction in progress. In the event the entire development fees have not been paid by the 13^{th} anniversary of project completion, as defined in the agreement, the Authority shall immediately make a capital contribution to Becher Court for the remaining unpaid portion.

After expiration of the 15-year compliance period, Becher Court may not sell the project to any third party that has made a bona fide purchase offer, without first offering the Authority the right of first refusal to purchase the property. Becher Court shall offer the property to the manager member at a price equal to the sum of Becher Court's outstanding debt plus an amount sufficient to enable Becher Court to make liquidation distributions pursuant to the operating agreement. At the end of the credit period, the investor member has the right to put its interest to the Authority. The option price to purchase will be the balance of all unpaid amounts due to the investor member plus $1,000 and the costs of transfer of interest.

Becher Court entered into a construction contract with an affiliate of the Authority in the amount of $6,223,326. Of this amount $1,440,300 is included in construction payables as of December 31, 2020. Profit and overhead earned on the contract through December 31, 2020 totaled $77,792 and the remaining balance to complete the contract was $4,783,026.

The Authority is obligated to provide all funds required to Becher Court to complete development of the properties to the extent the funds are not available under the mortgage notes payable, construction loans or capital contributions.

The operating agreement requires the manager member to fund operating deficits occurring after the period in which the projects reach Stabilized Occupancy, as defined in the operating agreement and continue until the 60 month anniversary of the achievement of Stabilized Occupancy. The manager member's obligation shall be limited to $412,790. All advances shall constitute unsecured, noninterest-bearing loans and are repayable from available cash flow as defined in the operating agreement. There were no operating deficit loans as of December 31, 2020.

Included in Becher Court accounts payable are amounts totaling $13,670 as of December 31, 2020 due to the Authority for reimbursement of net operating expenses paid on behalf of Becher Court throughout the year.

Included in Becher Court accounts receivable are amounts totaling $32,626 as of December 31, 2020 due from the Authority in connection with the HAP contract.

Becher Court entered into a land lease with the Authority which required a lump sum payment of $360,000 upon execution of the lease. The term of the lease began on June 30, 2020 and expires June 20, 2119, unless terminated earlier in accordance with the lease agreement. Prepaid land lease was $358,182 as of December 31, 2020. Land lease expense totaled $1,818 for the period ended December 31, 2020.

Westlawn Renaissance III

The Authority is obligated to provide funds required to Westlawn Renaissance III to complete development of the properties to the extent the funds are not available under the mortgage notes payable, construction loans or capital contributions.

The Authority is required to fund all operating deficits in the form of an operating deficit advance, with a maximum cumulative operating deficit advance of $286,200. Any operating deficit advances shall be treated as a noninterest bearing loan. Operating deficit advances are repayable from available cash flow as defined in the operating agreement. There were no operating deficit advance loans made to Westlawn Renaissance III as of December 31, 2020.

Westlawn Renaissance III is obligated to pay an annual asset management fee to the investor member in the initial amount of $75 per credit unit commencing in 2020 until the expiration of the compliance period. Management fees are payable from available cash flow as defined in the operating agreement and shall be cumulative and accrued if not paid. Fees accrued and incurred were $7,050 as of and for the year ended December 31, 2020.

Westlawn Renaissance III entered into an amended and restated development services agreement with the Authority. The agreement provides for Westlawn Renaissance III to pay a development fee totaling $5,700,000 to the Authority. The total fee has been earned and capitalized into the cost of the buildings. The total fee is to be paid from capital contributions and project cash flows as set forth in the operating agreement. As of December 31, 2020, the development fee payable was $4,560,000. In the event the entire development fees have not been paid by the 13th anniversary of project completion, as defined in the agreement, the Authority shall immediately make a capital contribution to Westlawn Renaissance III for the remaining unpaid portion.

After expiration of the 15-year compliance period, Westlawn Renaissance III may not sell the project to any third party without first offering the Authority the right of first refusal to purchase the property at an equal price to the sum of Westlawn Renaissance III's outstanding debt plus an amount sufficient to enable Westlawn Renaissance III to make liquidation distributions.

After the end of the credit period, the investor member has the right to put its interest to the Authority. The option price to purchase will be the balance of all unpaid amounts due to the investor member plus $1,000 and the cost to transfer interest.

Westlawn Renaissance III entered into a construction contract with an affiliate of the Authority in the amount of $23,446,823. Of this amount $904,956 is included in construction payables as of December 31, 2020. Profit and overhead earned on the contract through December 31, 2020 totaled $1,554,364.

Merrill Park

Merrill Park is obligated to pay an annual asset management fee to the investor member in the amount of $6,000, commencing one year after initial closing. The fee will increase 3 percent annually and is payable solely from available cash flows. There were no asset management fees incurred as of December 31, 2020.

Merrill Park is obligated to pay an annual asset management fee to the managing member in the amount of $6,000, commencing the first calendar quarter after the project is placed in service. The fee will increase 3 percent annually and is payable solely from available cash flows. There were no asset management fees incurred as of December 31, 2020.

Merrill Park is obligated to pay the managing member a monthly management fee equal to $31.25 per unit, increasing 3 percent annual. Management fees totaled $45,000 and included in accrued expenses are fees totaling $11,250 for the year ended December 31, 2020.

Merrill Park entered into a development services agreement with the Authority. The agreement provides for Merrill Park to pay a development fee totaling $1,356,311 to the Authority. As of December 31, 2020, the Authority has earned $542,524 of this fee. This amount has been capitalized into construction in progress. It is anticipated that the development fee will be paid from proceeds of capital contributions made by the investor member and cash flow as set forth in the operating agreement. In the event the entire development fees have not been paid by the end of the tax credit compliance period, the Authority shall immediately make a capital contribution to Merrill Park for the remaining unpaid portion. The development fee payable as of December 31, 2020 was $67,815.

Merrill Park has granted the Authority an option to purchase the project or the investor member's interest after the close of the 10-year credit period. The purchase price under the project option is the greater of an amount sufficient to pay all debt and liabilities outstanding or, fair market value.

After expiration of the 15-year compliance period, Merrill Park may not sell the project to any third party without first offering the Authority the right of first refusal to purchase the property. Merrill Park shall offer the property at the greater of a price equal to the sum of Merrill Park's outstanding debt plus an amount sufficient to enable Merrill Park to make liquidation distributions or, fair market value.

Merrill Park entered into a construction contract with an affiliate of the Authority in the amount of $8,664,085. Of this amount $1,710,180 is included in construction payables as of December 31, 2020. Profit and overhead earned on the contract through December 31, 2020 totaled $159,191 and the remaining balance to complete the contract was $5,840,332.

The Authority is obligated to provide funds required to Merrill Park to complete development of the properties to the extent the funds are not available under the mortgage notes payable, construction loans or capital contributions. This obligation is limited to $250,000 and all related advances shall be interest free. There were no development completion loans as of December 31, 2020.

The Authority is required to fund all operating deficits in the form of an operating deficit advance, with a maximum cumulative operating deficit advance of $400,000. Any operating deficit advances shall be treated as a loan and bear 5 percent interest. Operating deficit advances are repayable from available cash flow as defined in the operating agreement. There were no operating deficit advance loans made to Merrill Park as of December 31, 2020.

Included in Merrill Park accounts payable are amounts totaling $120,758 as of December 31, 2020 due to the Authority for reimbursement of net operating expenses paid on behalf of Merrill Park throughout the year.

Included in Merrill Park accounts receivable are amounts totaling $90,535 as of December 31, 2020 due from the Authority in connection with the HAP contract.

Effect of New Accounting Standards on Current-Period Financial Statement

The Governmental Accounting Standards Board (GASB) has approved the following:

- Statement No. 87, *Leases*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*

The statements listed above through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No. 95, Postponement of Effective Dates of Certain Authoritative Guidance, with the exception of Statement No. 87, which was postponed by one and a half years. When they become effective, application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the Total OPEB Liability and Related Ratios - Retiree Benefits Plan
Year Ended December 31, 2020

	2020	2019	2018
Total OPEB Liability			
Service cost	$ 530,364	$ 437,590	$ 408,154
Interest	373,114	355,484	413,951
Differences between expected and actual experience	(360,487)	-	(2,279,731)
Changes of assumptions	3,341,094	-	196,213
Benefit payments	(479,275)	(353,306)	(301,450)
Net change in total OPEB liability	3,404,810	439,768	(1,562,863)
Total OPEB liability, beginning	9,656,780	9,217,012	10,779,875
Total OPEB liability, ending	$ 13,061,590	$ 9,656,780	$ 9,217,012
Covered-employee payroll	$ 10,305,460	$ 9,815,812	$ 10,640,578
Total OPEB liability as a percentage of covered-employee payroll	126.74%	98.38%	86.62%

Notes to Schedule:

1. The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.
2. The Authority is required to present the last ten fiscal years data, however the standard allows the Authority to present as many years as are available until ten fiscal years are presented.
3. The Authority implemented GASB Statement No. 75 in fiscal year 2018. Information prior to fiscal year 2018 in not available.
4. Benefit changes. There were no changes of benefit terms in 2020.
5. Changes of assumptions. Discount rate changed from 3.75% in 2019 to 2.00% in 2020. Mortality table table has been updated from RP-2000 Employees Mortality Table projected with scale BB and a base year of 2009 to RP-2014 Mortality table projected with scale MP-2016.
6. No assets are accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4, to pay for related benefits.

Housing Authority of the City of Milwaukee

Schedule of the Proportionate Share of the Net Pension Liability
Employees' Retirement System of the City of Milwaukee
Year Ended December 31, 2020

Fiscal Year Ending	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/15	1.278258400%	$ 1,450,000	$ 6,772,000	21.41%	97.76%
12/31/16	1.166164300%	4,904,000	6,248,000	78.49%	98.20%
12/31/17	1.123111400%	4,786,000	6,559,000	72.97%	91.98%
12/31/18	1.096313690%	3,974,000	6,326,000	62.82%	93.70%
12/31/19	0.861627700%	11,536,000	4,949,000	233.10%	78.71%
12/31/20	0.806717610%	8,010,000	4,689,000	170.83%	84.83%

Schedule of Employer Contributions
Employees' Retirement System of the City of Milwaukee
Year Ended December 31, 2020

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/15	$ 1,005,471	$ 1,005,471	$ -	$ 9,562,255	10.51%
12/31/16	931,049	931,049	-	6,248,000	14.90%
12/31/17	900,100	900,100	-	6,559,000	13.72%
12/31/18	980,257	980,257	-	6,326,000	15.50%
12/31/19	772,027	772,027	-	4,949,000	15.60%
12/31/20	635,798	635,798	-	4,689,000	13.56%

1. Employees' Retirement System of the City of Milwaukee (System)

The amounts presented in relation to the schedule of employer's proportionate share of the net pension liability and the schedule of employer contributions represents the specific data of the Authority. The Information was derived using a combination of the employer's contribution data along with data provided by the System in relation to the Authority as a whole.

Changes of benefit terms. There were no changes of benefit terms for any participating employer in ERS.

Change of assumptions. There were no changes in the assumptions.

The Authority is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

SUPPLEMENTARY INFORMATION

Housing Authority of the City of Milwaukee

Combining Schedule of Net Position - Primary Government
December 31, 2020

	Low-Income Housing Program	Veterans Housing Program	Housing Choice Voucher Program	General Fund	Combining Adjustments	Total
Assets						
Current assets:						
Cash and investments:						
Unrestricted	$ 3,844,395	$ 10,359,522	$ 305,704	$ (1,294,675)	$ -	$ 13,214,946
Restricted, other	112,149	3,939,226	2,410,659	-	-	6,462,034
Restricted, Tenant security deposits	546,366	562,716	-	4,200	-	1,113,282
Receivables:						
HUD other projects	1,167,948	1,477	-	437,548	-	1,606,973
Tenants, dwelling rents	1,101,763	23,565	-	-	-	1,125,328
Allowance for doubtful accounts, dwelling rents	(145,093)	(1,468)	-	-	-	(146,561)
Other miscellaneous from component units	182,112	1,503	31,741	4,916,454	-	5,131,810
Due from other programs	12,679,735	3,000,000	-	13,464,900	(29,144,635)	-
Miscellaneous	-	-	-	5,503,245	-	5,503,245
Current portion of notes receivable from Westlawn Renaissance II	-	-	-	1,376,179	-	1,376,179
Current portion of notes receivable from Highland Park	-	-	-	2,296	-	2,296
Accrued interest	1,289	-	-	-	-	1,289
Prepaid items	209,980	75,340	1,883,738	246,213	-	2,415,271
Total current assets	19,700,644	17,961,881	4,631,842	24,656,360	(29,144,635)	37,806,092
Noncurrent assets:						
Restricted assets:						
Investments with Fiscal Agent	-	2,513,896	790	39,698	-	2,554,384
Deferred mortgage receivable	565,136	-	-	111,889	-	677,025
Capital assets:						
Land	31,245,121	2,759,343	-	564,172	-	34,568,636
Construction in progress	50,178	-	-	24,122,517	-	24,172,695
Other capital assets, net of accumulated depreciation	34,650,982	4,738,490	-	5,877,973	-	45,267,445
Other assets:						
Long term interest receivable	11,979,034	-	-	2,362,400	-	14,341,434
Developer fee receivable	-	-	-	9,185,427		9,185,427
Investment in Carver Park	5,631,030	-	-	1,110,741	-	6,741,771
Notes receivable from Highland Park	2,000,000	-	-	103,274	-	2,103,274
Notes receivable from Cherry Court	8,080,208	-	-	606,995	-	8,687,203
Notes receivable from Convent Hill	5,741,537	-	-	1,134,337	-	6,875,874
Notes receivable from Scattered Sites	-	-	-	2,318,300	-	2,318,300
Notes receivable from Scattered Sites II	1,107,578	-	-	-	-	1,107,578
Notes receivable from Olga Village	2,166,726	-	-	196,608	-	2,363,334
Notes receivable from Westlawn Renaissance	7,649,850	-	-	1,610,911	-	9,260,761
Notes receivable from Lapham Park	19,199,657	-	-	335,440	-	19,535,097
Notes receivable from Westlawn Renaissance II	8,639,369	-	-	3,015,805	-	11,655,174
Notes receivable from Holton Terrace	400,000	-	-	4,760,000	-	5,160,000
Notes receivable from Becher Court	3,573,000	-	-	400,000	-	3,973,000
Notes receivable from Westlawn Renaissance III	11,433,371	-	-	2,589,837	-	14,023,208
Notes receivable from Merrill Park	-	-	-	3,690,000	-	3,690,000
RAD notes receivable	1,293,713	-	425,880	363,122	-	2,082,715
Total noncurrent assets	155,406,490	10,011,729	426,670	64,499,446	-	230,344,335
Total assets	175,107,134	27,973,610	5,058,512	89,155,806	(29,144,635)	268,150,427

Housing Authority of the City of Milwaukee

Combining Schedule of Net Position - Primary Government
December 31, 2020

	Low-Income Housing Program	Veterans Housing Program	Housing Choice Voucher Program	General Fund	Combining Adjustments	Total
Deferred Outflows of Resources						
Deferred outflows related to OPEB	$ 687,320	$ -	$ 585,050	$ 1,559,267	$ -	$ 2,831,637
Deferred outflows related to pensions	939,311	-	799,546	2,130,941	-	3,869,798
Total deferred outflows	1,626,631	-	1,384,596	3,690,208	-	6,701,435
Liabilities						
Current liabilities:						
Accounts payable	-	1,688	16,372	8,779,841	-	8,797,901
Accrued wages and benefits	54,171	-	25,031	438,279	-	517,481
Other current liabilities	2,085,303	204,091	719,678	1,943,807	-	4,952,879
Accrued interest	-	274,854	-	-	-	274,854
Unearned revenue	-	-	1,210,126	-	-	1,210,126
Due to other governments	483,790	620,089	-	-	-	1,103,879
Due to City of Milwaukee	-	-	-	1,150,994	-	1,150,994
Due to other programs	22,100	1,457	37,219	29,083,859	(29,144,635)	-
Current portion of bonds and notes payable	-	790,000	-	-	-	790,000
Current portion of compensated absences	-	-	-	241,494	-	241,494
Liabilities payable from restricted assets						
Tenant security deposits	546,366	562,716	-	4,200	-	1,113,282
Total current liabilities	3,191,730	2,454,895	2,008,426	41,642,474	(29,144,635)	20,152,890
Noncurrent liabilities:						
Long-term debt:						
Mortgage revenue bonds payable	-	14,641,206	-	30,593	-	14,671,799
Other liabilities:						
Compensated absences	-	-	-	563,487	-	563,487
Net pension liability	1,936,554	-	1,669,406	4,404,040	-	8,010,000
Total OPEB liability	3,271,361	-	2,646,732	7,143,497	-	13,061,590
Total noncurrent liabilities	5,207,915	14,641,206	4,316,138	12,141,617	-	36,306,876
Total liabilities	8,399,645	17,096,101	6,324,564	53,784,091	(29,144,635)	56,459,766
Deferred Inflows of Resources						
Deferred inflows related to OPEB	415,009	-	313,782	834,450	-	1,563,241
Deferred inflows related to pensions	746,794	-	564,640	1,501,566	-	2,813,000
Total deferred inflows of resources	1,161,803	-	878,422	2,336,016	-	4,376,241
Net Position						
Net investment in capital assets	65,946,281	(4,144,379)	-	7,545,905	-	69,347,807
Restricted:						
Debt service	-	-	-	39,697	-	39,697
Replacement reserve	-	2,664,127	-	-		2,664,127
Home ownership program	1,287,308	-	-	111,889	-	1,399,197
Housing choice voucher program	-	-	392,919	-	-	392,919
Unrestricted (Deficit)	99,938,728	12,357,761	(1,152,797)	29,028,416	-	140,172,108
Total net position	$ 167,172,317	$ 10,877,509	$ (759,878)	$ 36,725,907	$ -	$ 214,015,855

Housing Authority of the City of Milwaukee

Combining Schedule of Revenues, Expenses and Changes in Net Position - Primary Government
Year Ended December 31, 2020

	Low-Income Housing Program	Veterans Housing Program	Housing Choice Voucher Program	General Fund	Combining Adjustments	Total
Operating Revenues						
Tenant revenue:						
Rentals	$ 7,998,188	$ 7,541,103	$ -	$ -	$ -	$ 15,539,291
Other tenant revenue	103,552	92,297	-	-	-	195,849
Total tenant revenue	8,101,740	7,633,400	-	-	-	15,735,140
HUD PHA grant revenue	10,933,480	1,478	35,975,383	443,994	-	47,354,335
Other revenue:						
Other revenue	1,031,380	139,805	223,382	9,276,337	-	10,670,904
Management fees	-	-	-	3,803,731	(3,803,731)	-
Fees for services	-	-	-	2,616,563	(2,616,563)	-
Bookkeeping fees	-	-	-	280,523	(280,523)	-
Total other revenues	1,031,380	139,805	223,382	15,977,154	(6,700,817)	10,670,904
Total operating revenues	20,066,600	7,774,683	36,198,765	16,421,148	(6,700,817)	73,760,379
Operating Expenses						
Administrative	8,454,255	1,894,543	4,804,681	5,207,073	(4,084,254)	16,276,298
Tenant services	1,256,239	43,460	2,256	342,337	-	1,644,292
Utilities	3,352,220	902,941	2,500	110,952	-	4,368,613
Ordinary maintenance	6,231,444	1,206,949	40,461	3,863,037	(2,616,563)	8,725,328
Extraordinary maintenance	245,806	364,690	-	28,415	-	638,911
Protective services	72,895	-	-	7,233	-	80,128
Insurance premiums	708,799	254,646	108,651	465,510	-	1,537,606
Other general expenses	137,845	15,952	-	1,197,307	-	1,351,104
Casualty loss, non-capitalized	126,695	35,492	1,275	78,253	-	241,715
Payments in lieu of taxes	427,029	552,626	-	-	-	979,655
Housing assistance payments	-	-	33,615,142	-	-	33,615,142
Depreciation expense	4,098,612	427,103	-	401,224	-	4,926,939
Total operating expenses	25,111,839	5,698,402	38,574,966	11,701,341	(6,700,817)	74,385,731
Operating income (loss)	(5,045,239)	2,076,281	(2,376,201)	4,719,807	-	(625,352)

	Low-Income Housing Program	Veterans Housing Program	Housing Choice Voucher Program	General Fund	Combining Adjustments	Total
Nonoperating Revenues (Expenses)						
Investment income (loss)	$ 1,604,124	$ 72,768	$ 3	$ 829,008	$ -	$ 2,505,903
Net loss from investment in partnership	(444,803)	-	-	(87,739)	-	(532,542)
Gain (loss) on disposal of capital assets	11,297,887	-	-	(842,600)	-	10,455,287
Interest expense	-	(554,776)	-	(38,598)	-	(593,374)
Total nonoperating revenues (expenses)	12,457,208	(482,008)	3	(139,929)	-	11,835,274
Income (loss) before transfers and capital contributions	7,411,969	1,594,273	(2,376,198)	4,579,878	-	11,209,922
Capital Contributions	(1,083,426)	-	-	9,362,803	-	8,279,377
Change in net position	6,328,543	1,594,273	(2,376,198)	13,942,681	-	19,489,299
Net Position, Beginning (as restated)	160,843,774	9,283,236	1,616,320	22,783,226	-	194,526,556
Net Position (Deficit), Ending	$ 167,172,317	$ 10,877,509	$ (759,878)	$ 36,725,907	$ -	$ 214,015,855

OTHER INFORMATION

1. The Actual Modernization Costs are as follows:

		Project WI39-P002501-16
Funds Approved	$	5,467,349
Funds Expended		5,467,349
EXCESS OF FUNDS APPROVED		-
Funds Advanced		5,467,349
EXCESS OF FUNDS ADVANCED	$	-

2. The distribution of costs by project as shown on the Final Actual Modernization Cost Certificate dated 9/25/20 accompanying the Actual Modernization Grant Cost Certificates submitted to HUD for approval is in agreement with PHA's records.

3. All modernization grant costs have been paid and all related liabilities have discharged through payment.

SINGLE AUDIT

Housing Authority of the City of Milwaukee

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2020

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through ID Number	Beginning Balance January 1, 2020 (as restated)	Grant Funds Received	Grant Funds Expensed	Ending Balance December 31, 2020
U.S. Department of Housing and Urban Development						
Section 8 Project, Based Cluster:						
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	N/A	$ 984	$ 42,904	$ 25,548	$ (16,372)
CDBG, Entitlement Grants Cluster:						
Passed through City of Milwaukee						
COVID-19 Community Development Block Grants/Entitlement Grants	14.218	N/A	-	-	511,419	511,419
Community Development Block Grants/Entitlement Grants	14.218	N/A	300,000	390,730	90,730	-
Total CDBG, Entitlement Grants Cluster			300,000	390,730	602,149	511,419
Public and Indian Housing	14.850	N/A	-	6,085,622	6,085,622	-
COVID-19 - Public and Indian Housing	14.850	N/A	-	390,708	390,708	-
Total Public and Indian Housing			-	6,476,330	6,476,330	-
Resident Opportunity and Supportive Services	14.870	N/A	22,618	157,382	134,764	-
Housing Voucher Cluster:						
Section 8 Housing Choice Vouchers	14.871	N/A	-	35,623,553	35,623,553	-
COVID-19 - Section 8 Housing Choice Vouchers	14.871	N/A	-	1,536,408	326,282	(1,210,126)
Total Section 8 Housing Choice Vouchers and Housing Choice Voucher Cluster			-	37,159,961	35,949,835	(1,210,126)
Public Housing Capital Fund:	14.872	N/A				
2016 fiscal year			531,589	631,591	100,002	-
2017 fiscal year			-	855,895	964,426	108,531
2018 fiscal year			480,899	480,899	256,754	256,754
2019 fiscal year			91,208	936,096	844,888	-
2020 fiscal year			-	8,126,370	8,126,370	-
Total Public Housing Capital Fund			1,103,696	11,030,851	10,292,440	365,285
HOPE VI Cluster:						
Choice Neighborhoods Implementation Grant	14.889	N/A	3,542,177	4,835,002	2,023,096	730,271
Jobs-Plus Pilot Initiative Program	14.895	N/A	57,940	133,407	75,467	-
Total U.S. Department of Housing and Urban Development			5,027,415	60,226,567	55,579,629	380,477
U.S. Department of Labor						
Passed through Employ Milwaukee:						
Youthbuild	17.279	H0036-HACMYB-240-15-8110 M2	-	54,083	54,083	-
Total federal awards			$ 5,027,415	$ 60,280,650	$ 55,633,712	$ 380,477

See notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Housing Authority of the City of Milwaukee (the Authority) under programs of the federal government for the year ended December 31, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority.

2. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

3. Cognizant Agency

The U.S. Department of Housing and Urban Development (HUD) has been designated as the federal cognizant agency for the Authority.

4. Indirect Cost Rate

The Housing Authority of the City of Milwaukee has not elected to use the 10 percent de minimis indirect cost rate of the Uniform Guidance.

5. Restatement of Schedule of Expenditures of Federal Awards

Beginning receivable balance of the Choice Neighborhoods Implementation (CNI) Grant has been adjusted to record prior year unrecorded grant revenue receivable. These amounts have been subject to testing during the testing of the CNI program as a major program in 2020.

6. Status of Prior Year Findings

There were no findings of noncompliance identified as Federal Award Findings and Questioned Costs in the Report on Federal Awards for the year ended December 31, 2019.

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Board of Commissioners of the
Housing Authority of the City of Milwaukee

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the Housing Authority of the City of Milwaukee (the Authority) as of and for the year ended December 31, 2020 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated March 30, 2022. Our report includes a reference to other auditors who audited the financial statements of Carver Park Tax Credit Limited Partnership, Highland Park Community, LLC, Cherry Court Development, LLC, Convent Hill, LLC, Scattered Sites, LLC, Scattered Sites II, LLC, Olga Village, LLC, Westlawn Renaissance, LLC, Lapham Park, LLC, Westlawn Renaissance II, LLC and Subsidiaries, Holton Terrace, LLC, Becher Court, LLC, Westlawn Renaissance III, LLC and Merrill Park, LLC, as described in our report on the Authority's financial statements. The financial statements of Carver Park Tax Credit Limited Partnership, Highland Park Community, LLC, Cherry Court Development, LLC, Convent Hill, LLC, Scattered Sites, LLC, Scattered Sites II, LLC, Olga Village, LLC, Westlawn Renaissance, LLC, Lapham Park, LLC, Westlawn Renaissance II, LLC and Subsidiaries, Holton Terrace, LLC, Becher Court, LLC, Westlawn Renaissance III, LLC and Merrill Park, LLC, were not audited in accordance with *Government Auditing Standards*.

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 opinions 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 entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a material weakness.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

The Authority's Response to Finding

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

Purpose of This Report

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

Baker Tilly US, LLP

Milwaukee, Wisconsin
March 30, 2022

Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Commissioners of the
Housing Authority of the City of Milwaukee

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the City of Milwaukee's (the Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2020. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

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 each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control Over Compliance

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

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

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

Purpose of This Report

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.

Baker Tilly US, LLP

Milwaukee, Wisconsin
March 30, 2022

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	X yes	___ no
Significant deficiency(ies) identified?	___ yes	X none reported
Noncompliance material to financial statements noted?	___ yes	X no

Federal Awards

Internal control over major federal programs:		
Material weakness(es) identified?	___ yes	X no
Significant deficiency(ies) identified?	___ yes	X none reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance?	___ yes	X no
Auditee qualified as low-risk auditee: Federal programs	___ yes	X no
Dollar threshold used to distinguish between Type A and Type B programs Federal	$1,669,011	

Identification of major federal programs:

CFDA Numbers	Name of Federal Program or Cluster
14.871	Housing Voucher Cluster: Section 8 Housing Choice Vouchers COVID-19 – Section 8 Housing Choice Vouchers
14.850	Public and Indian Housing COVID-19 – Public and Indian Housing
14.872	Public Housing Capital Fund
14.889	HOPE VI Cluster: Choice Neighborhoods Implementation Grant

Section II - Financial Statement Findings

Finding 2020-001: *Internal Control Over Financial Reporting*

Criteria: A system of internal control should be in place that provides reasonable assurance that year-end financial statements, including the schedule of expenditures of federal awards (SEFA), are complete and accurate.

Condition: There is a lack of controls over the year-end financial reporting process. A material journal entry was discovered during the course of the audit related to schedule of expenditures and federal awards. In addition, material misstatements in the general ledger were identified during the financial audit, including a restatement to beginning of year net position to correct prior year grant revenues that were missed.

Cause: The Authority did not have all material transactions recorded prior to the audit.

Effect: The Authority's financial records may be materially misstated before the annual audit is completed.

Recommendation: The Authority should develop an action plan to ensure all material year-end adjustments are recorded by Authority staff prior to audit fieldwork. Account reconciliations, specifically the reconciliation of inter-program activity, should be prepared timely throughout the year.

Views of Responsible Officials: The Housing Authority does have some internal controls over all journal entries, they are reviewed by the Finance Director and approved. We continue to review notes receivable and payable balances that are to be eliminated for financial reporting to ensure they are fully recorded by the time final audit filed work commences. As far as prior year grant expenses we will endeavor to draw funds monthly but are sometimes delayed because the funds are not released. And the Accounting Team will need to be more cognizant of prior year’s expenditures and that the reimbursement is requested as timely as possible so the revenue is recognized in the right year.

Section III - Federal Awards Findings and Questioned Costs

There were no findings or questioned costs required to be reported related to federal awards.