

**METROPOLITAN DEVELOPMENT
AND HOUSING AGENCY**

NASHVILLE, TENNESSEE

**ANNUAL FINANCIAL REPORT
AND OTHER FINANCIAL INFORMATION**

SEPTEMBER 30, 2017

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

Table of Contents

INTRODUCTION	1
ORGANIZATIONAL CHART.....	2
BOARD OF COMMISSIONERS	3
INDEPENDENT AUDITOR'S REPORT	4 - 6
MANAGEMENT'S DISCUSSION AND ANALYSIS	7 - 11
FINANCIAL STATEMENTS	
Statement of Net Position	12 - 13
Statement of Revenues, Expenses and Changes in Net Position.....	14
Statement of Cash Flows	15 - 16
Notes to Financial Statements	17 - 45
SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards	46 - 50
Schedule of Actual Costs for the Specified Project From Inception of the Project Through Completion.....	51 - 54
OTHER REPORTS	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	55 - 56
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance ..	57 - 59
Schedule of Findings and Questioned Costs	60 - 61
Summary Schedule of Prior Audit Findings	62
Independent Accountant's Report on Applying Agreed-Upon Procedure	63 - 64
Financial Data Schedules.....	65 - 73

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

INTRODUCTION

The Metropolitan Housing and Development Agency ("MDHA" or the "Agency") is pleased to present its Annual Financial Report and Other Financial Information for the year ended September 30, 2017.

Responsibility and Controls

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

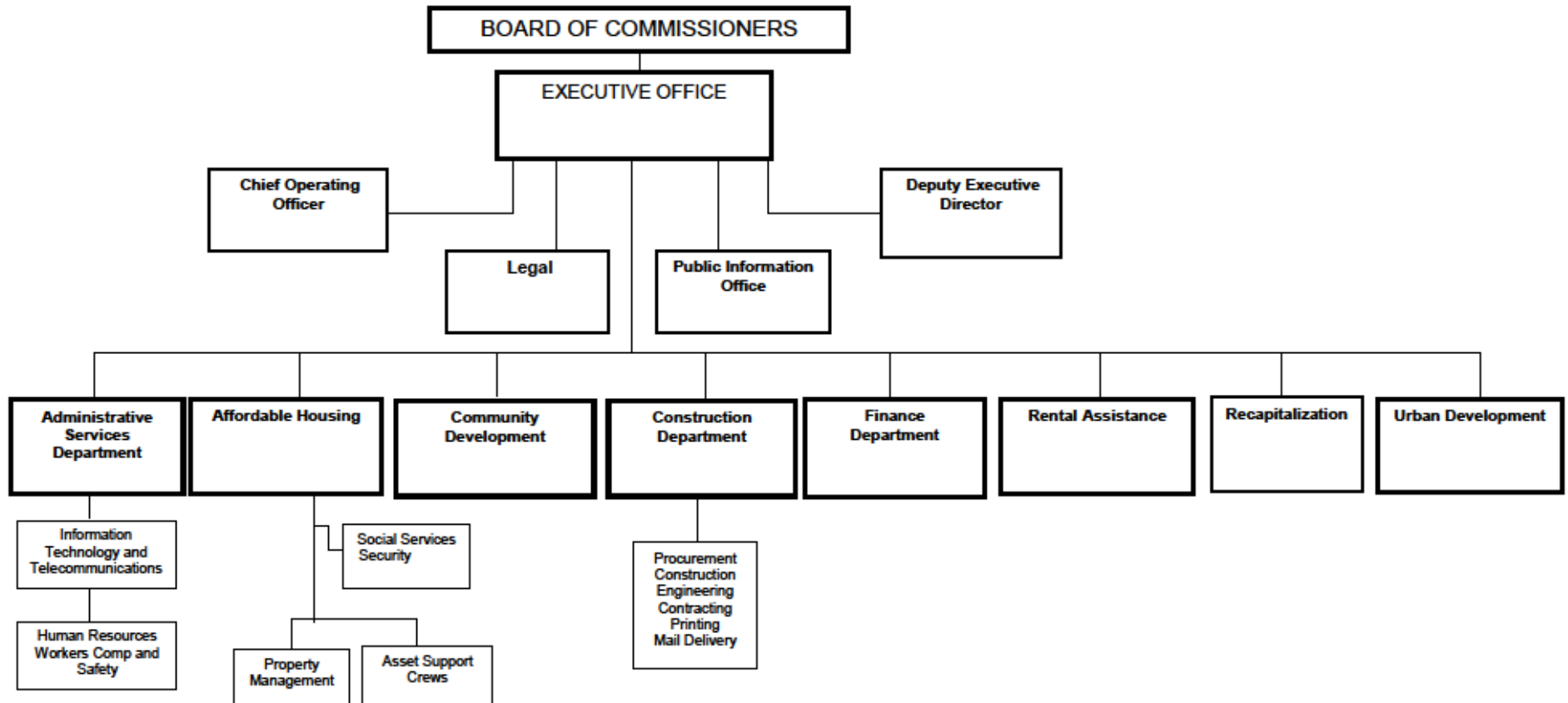
MDHA's system of internal accounting control is evaluated on an ongoing basis by internal financial staff. MCM CPAs & Advisors LLP, external auditors, also consider certain elements of the internal control system in order to determine auditing procedures for the purpose of expressing an opinion on the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

Management believes that its policies and procedures provide guidance and reasonable assurance that MDHA's operations are conducted according to management's intentions and to a high standard of business ethics. In management's opinion, the financial statements present fairly, in all material respects, the financial position of MDHA as of September 30, 2017, and the changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Audit Assurance

The unmodified opinion of the independent external auditors, MCM CPAs & Advisors LLP, on the September 30, 2017, financial statements is included in this report.

ORGANIZATIONAL CHART
METROPOLITAN DEVELOPMENT AND HOUSING AGENCY



METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

BOARD OF COMMISSIONERS

September 30, 2017

Ralph Mosley, Chair
Jimmy Granbery Vice Chair for Development
Melvin C. Black, Vice Chair for Housing
Miniimah Basheer, Commissioner
Antoinette Batts, Commissioner
Charles Robert Bone, Commissioner
Emily Thaden, Commissioner



Independent Auditor's Report

Board of Commissioners
Metropolitan Development and Housing Agency

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, and the aggregate discretely presented component units of Metropolitan Development and Housing Agency (the "Agency"), a component unit of Metropolitan Government of Nashville and Davidson County, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component units. Those statements, which were prepared in accordance with the Accounting Standards Codification as issued by the Financial Accounting Standards Board were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the reports of the other auditors. No adjustments were necessary to convert the financial statements of the discretely presented component units to the financial reporting framework used by the Agency. The financial statements of the discretely presented component units were not audited in accordance with Government Auditing Standards. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Independent Auditor's Report (Continued)

Auditor's Responsibility (Continued)

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

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

Opinions

In our opinion, based on our audit and the reports of the other auditors of the discretely presented component units, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and the aggregate discretely presented component units of the Agency, as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 7 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements. In addition, the accompanying schedule of actual costs for the specified project from inception of the project through completion and the financial data schedule are presented for purposes of additional analysis, and are not a required part of the basic financial statements. 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the financial statements as a whole.

Independent Auditor's Report (Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2018, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "MCM CPA & Advisors LLP". The signature is stylized, with the letters "MCM" being particularly prominent and bold.

Jeffersonville, Indiana
March 9, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Metropolitan Development and Housing Agency's ("MDHA" or the "Agency") annual financial report presents management's discussion and analysis of the Agency's financial performance during the fiscal years ended September 30, 2017 and 2016. Please read this analysis in conjunction with the Agency's financial statements and accompanying notes.

FINANCIAL HIGHLIGHTS

Fiscal year 2017:

The Agency's total net position increased \$11.4 million or 3.4%, in part as a result of the following:

- Cash and Investments increased \$33.4 million (+51.2%)
- Bonds, Notes and Other Liabilities increased \$31.2 million (+30.2%)
- Operating Revenues increased \$15.3 million (+13.6%)
- Operating Expenses increased \$6.9 million (+6.3%)
- Net Operating Income increased \$8.4 million (+>100%)
- Governmental Capital Contributions increased \$7.4 million (+45.8%)

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The Agency is supported by rentals, fees, and federal and state grants and follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Enterprise fund statements offer short-term and long-term financial information about the activities and operations of the Agency. While detailed sub-fund information is not presented, separate accounts are maintained for each program of the Agency to control and manage money for particular purposes or to demonstrate that the Agency is properly using specific grants.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL ANALYSIS OF THE AGENCY

Net Position

Fiscal year 2017 as compared to fiscal year 2016:

	<u>2017</u>	<u>2016</u>	<u>% Increase (Decrease)</u>
Current Assets	\$ 105,698,042	\$ 72,837,978	45.1 %
Noncurrent Assets			
Capital Assets	306,608,584	293,211,314	4.6 %
Other Assets	69,596,360	73,226,942	(5.0) %
Total Assets	<u>481,902,986</u>	<u>439,276,234</u>	9.7 %
Current Liabilities	17,709,617	25,001,841	(29.2) %
Long Term Liabilities	116,952,060	78,448,415	49.1 %
Total Liabilities	<u>134,661,677</u>	<u>103,450,256</u>	30.2 %
Net investment in Capital Assets	226,292,917	243,225,594	(7.0) %
Restricted Net Position	32,080,023	1,493,361	(>100) %
Unrestricted Net Position	88,868,369	91,107,023	(2.5) %
Total Net Position	<u>\$ 347,241,309</u>	<u>\$ 335,825,978</u>	3.4 %

The Agency's total net position increased \$11.4 million, or 3.4%, in part as a result of the following:

- Current assets increased due to restricted cash on hand from the \$20 million proceeds of a HUD 223(f) loan closed on July 17, 2017 for the MDHA J Henry Hale LLC. These funds are designated by the MDHA Board of Directors as restricted for Recapitalization projects approved by the Board. During 2017, six public housing properties converted to project based rental assistance units using the HUD Rental Assistance Demonstration (RAD) program. Capital Fund Grants funds of \$8.8 million were utilized and transferred to the Asset Management Properties (AMPs) for operations and for funding Rental Assistance Demonstration (RAD) escrow accounts required at closing.

On December 20, 2016, the Investor Member and Special Member of Vine Hill Homes, LLC (the Company) sold their interest in the Company to MDHA, for \$350,000. The sale was funded through the Vine Hill Authority Reserve, which was established by MDHA. The note receivable from the Company to MDHA was forgiven and the Company assets were transferred/merged with MDHA. The net effect of the transfer resulted in a \$5.3 million loss to MDHA.

Total liabilities increased due to HUD 223(f) loan proceeds of \$20 million for the MDHA J Henry Hale LLC, \$6.4 million bond proceeds to complete the downtown parking garage, and \$4.3 million for the MDHA 10th and Jefferson LLC project.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL ANALYSIS OF THE AGENCY (CONTINUED)

Revenues, Expenses and Changes in Net Position

Fiscal year 2017 as compared to fiscal year 2016:

	<u>2017</u>	<u>2016</u>	<u>% Increase (Decrease)</u>
Operating Revenues			
Rentals	\$ 16,354,997	\$ 16,486,516	(0.8) %
Other tenant revenue	933,240	920,036	1.4 %
Governmental Operating Revenue	96,240,149	87,452,276	10.0 %
Local Government Development Activities	6,908,602	5,332,885	29.5 %
Other	7,320,285	2,252,617	(>100) %
	<u>127,757,273</u>	<u>112,444,330</u>	
Total Operating Revenues	<u>127,757,273</u>	<u>112,444,330</u>	13.6 %
Operating Expenses:			
Administrative expenses	18,718,124	17,051,107	9.8 %
Other	98,271,454	92,993,722	5.7 %
	<u>116,989,578</u>	<u>110,044,829</u>	
Total Operating Expenses	<u>116,989,578</u>	<u>110,044,829</u>	6.3 %
Operating Gain (Loss)	<u>10,767,695</u>	<u>2,399,501</u>	(>100) %
Nonoperating Revenues (Expenses)	(1,474,450)	(309,920)	(>100) %
Capital Fund Grant	7,442,748	5,104,566	45.8 %
Other Changes	<u>(5,320,662)</u>	<u>(9,152,849)</u>	(>100) %
Change in Net Position	<u>\$ 11,415,331</u>	<u>\$ (1,958,702)</u>	(>100) %

Governmental Operating Revenue increased due to capital fund grants budgeted and utilized for RAD closings during 2017 of \$8.8 million.

Local Government Development Activities income increased due to funds allocated from the Metro Nashville Government to fund \$1.5 million of affordable housing and infrastructure activities.

Other revenue primarily increased due to funds received for the parking garage operations of \$1.9 million, construction management for the Levy Place L.P. rehabilitation during 2017 of \$1 million, \$600,000 from the dissolution of Vine Hill Homes LLC and transfer to MDHA, and the \$660,000 forgiveness of the Nance Place Apartment Section 1602 note.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

CAPITAL ASSETS

Fiscal year 2017 as compared to fiscal year 2016:

	<u>2017</u>	<u>2016</u>
Land	\$ 97,644,590	\$ 90,634,778
Infrastructure	21,171,543	18,050,955
Buildings	364,804,529	318,259,735
Equipment	5,088,429	4,657,701
Construction in progress	<u>7,593,091</u>	<u>32,959,882</u>
Total	496,302,182	464,563,051
Less Accumulated Depreciation	<u>(189,693,598)</u>	<u>(171,351,733)</u>
Net Capital Assets	<u>\$ 306,608,584</u>	<u>\$ 293,211,318</u>

Net capital assets increased \$13.4, or 4.6% during fiscal year 2017. During fiscal year 2017, the Agency expended \$19.1 million on capital activities. The capital expenditures included \$3.6 million for the construction of a downtown parking garage; \$4.2 million for the 10th and Jefferson project; \$2.0 million for improvements to Neighborhood Housing units; \$6.2 million for the construction of a mid-rise apartment complex at Cayce Place (Barrett Manor); \$1.5 million for the parking lot at Rolling Mill Hill; and \$1.2 million in sewer improvements at Cheatham Place apartments. On December 20, 2016, the Investor Member and Special Member of Vine Hill Homes, LLC (the Company) sold their interest in the Company to MDHA. The net book value of the Vine Hill Homes, LLC capital assets of \$5.3 million was transferred to MDHA at sale.

Projects completed during 2017 were transferred from construction in progress to depreciable assets for the downtown parking garage, Barrett Manor Apartments, and modernization of Neighborhood Housing duplexes.

Capital asset acquisitions are capitalized at cost. Acquisitions are funded from federal grants, metro government capital improvement funds and operating subsidy.

Depreciation expense on capital assets totaled \$11 million during fiscal year 2017.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DEBT ADMINISTRATION

Fiscal year 2017 as compared to fiscal year 2016:

	<u>2017</u>	<u>2016</u>
Total Notes Payable - other	<u>\$ 117,353,608</u>	<u>\$ 79,702,340</u>

As of September 30, 2017, the Agency's note principal and interest outstanding totaled \$117.4 million - an increase of 47.2% from the prior year. The Agency incurred \$18.2 million in new debt for the ongoing construction of a downtown parking garage and the construction of a 54 unit apartment complex at 10th and Jefferson. On July 17, 2017, the MDHA J Henry Hale, LLC (MDHA solely owned entity) received \$20.5 million proceeds from a HUD 223(f) loan. These funds are designated by the MDHA Board of Directors as restricted for Recapitalization projects approved by the Board.

NEW BUSINESS

The Agency has included, as discretely presented component units, the activity for Vine Hill Homes, LLC, Preston Taylor Homes, LLC, Levy Place LP and Ryman Lofts at Rolling Mill Hill, L.P. These entities are shown as discretely presented component units because the Agency is financially accountable for them; however, they do not have full ownership over the entities. The MDHA Housing Trust Corporation, which is included in the Primary Government has a .01% general partner interest in Vine Hill, Preston Taylor, Levy Place and Ryman Lofts. Levy Place LP was added as a discretely presented component during 2017.

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

On November 28, 2017, MDHA Kirkpatrick Park LLC, a single asset entity owned by MDHA, closed a HUD Section 221(d)(4) loan for \$13,776,500 for the new construction of a 94 unit apartment complex. The land is adjacent to Cayce Place, which was donated to MDHA from Metro Nashville Parks in October 2017. MDHA was required to deposit \$8,690,090 of the board controlled strategic reserve funds at closing to bridge the gap for the new construction.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

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

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

STATEMENT OF NET POSITION

SEPTEMBER 30, 2017

ASSETS

	Primary Government	Discretely Presented Component Units
CURRENT ASSETS		
Cash and cash equivalents	\$ 51,123,231	\$ 3,375,357
Restricted cash and cash equivalents	43,454,268	6,776,634
Investments, at fair value	3,291,197	-
Receivables:		
Tenant, net of allowances	151,071	21,908
Amounts due from other governmental agencies	4,186,092	14,751
Current portion of notes receivable, net of allowances	258,889	-
Other	1,077,699	-
Inventory	1,812,110	-
Prepaid expenses	343,485	75,157
TOTAL CURRENT ASSETS	105,698,042	10,263,807
CAPITAL ASSETS, NET	306,608,584	39,512,387
Other Assets	37,911,494	1,537,399
Notes receivable, net of allowances	31,684,866	-
TOTAL NONCURRENT ASSETS	69,596,360	1,537,399
DEFERRED OUTFLOWS OF RESOURCES	-	-
TOTAL ASSETS	\$ 481,902,986	\$ 51,313,593

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

STATEMENT OF NET POSITION (CONTINUED)

SEPTEMBER 30, 2017

LIABILITIES

	Primary Government	Discretely Presented Component Units
CURRENT LIABILITIES		
Funds held for others	\$ 7,711,346	\$ -
Accounts payable	3,632,636	1,509,530
Contract retention payable	20,576	-
Compensated absences payable	665,598	24,197
Accrued liabilities	819,511	53,227
Due to tenants	1,272,037	118,127
Unearned revenue	323,780	315,723
Due to other governments	56,320	279,049
Current portion of long-term debt	<u>3,207,813</u>	<u>9,081,074</u>
TOTAL CURRENT LIABILITIES	<u>17,709,617</u>	<u>11,380,927</u>
NONCURRENT LIABILITIES		
Deposits	1,006,687	94,080
Long-term debt, less current maturities	114,145,795	36,934,576
Long-term compensated absences payable	<u>1,799,578</u>	<u>65,423</u>
TOTAL NONCURRENT LIABILITIES	<u>116,952,060</u>	<u>37,094,079</u>
TOTAL LIABILITIES	<u>134,661,677</u>	<u>48,475,006</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
NET POSITION		
Net investment (deficit) in capital assets	226,292,917	(6,578,818)
Restricted for other purposes	32,080,023	6,667,229
Unrestricted net position	<u>88,868,369</u>	<u>2,750,176</u>
TOTAL NET POSITION	<u>347,241,309</u>	<u>2,838,587</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 481,902,986</u>	<u>\$ 51,313,593</u>

See accompanying notes.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Primary Government	Discretely Presented Component Units
OPERATING REVENUES		
Rentals	\$ 16,354,997	\$ 2,832,604
Other tenant revenue	933,240	3,181
Governmental operating revenue	96,240,149	1,017,092
Program income	267,327	-
Local government development activities	6,908,602	-
Other income	7,052,958	171,806
TOTAL OPERATING REVENUES	127,757,273	4,024,683
OPERATING EXPENSES		
Cost of Services:		
Tenant services	990,767	84,866
Utilities	7,869,167	166,934
Ordinary maintenance and operations	15,061,259	1,238,253
Protective services	1,618,723	12,811
Other direct program costs	14,773,629	380,513
Housing assistance payments	46,941,100	-
Administration	18,718,124	1,465,296
Depreciation	11,016,809	1,276,205
TOTAL OPERATING EXPENSES	116,989,578	4,624,878
OPERATING INCOME (LOSS)	10,767,695	(600,195)
NONOPERATING REVENUES (EXPENSES)		
Interest income	655,319	19,836
Impairment allowance on notes receivable	(40,715)	-
Loss on disposition of assets	(11,673)	-
Interest expense	(2,077,381)	(295,208)
TOTAL NONOPERATING EXPENSES - NET	(1,474,450)	(275,372)
INCREASE (DECREASE) IN NET POSITION BEFORE CONTRIBUTIONS AND OTHER LOSSES	9,293,245	(875,567)
Capital fund grant	7,442,748	-
Members capital contributions	-	1,810,908
Transfer of equity from Discretely Presented Component Units to the Primary Government	(7,320,918)	7,320,918
Other special items	2,000,256	-
CHANGES IN NET POSITION	11,415,331	8,256,259
NET POSITION (DEFICIT) - BEGINNING OF YEAR	335,825,978	(5,417,672)
NET POSITION - END OF YEAR	\$ 347,241,309	\$ 2,838,587

See accompanying notes.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from rental operations	\$ 17,243,669
Receipts from program income	295,408
Receipts from government subsidy for operations	95,944,833
Receipts from local governmental development activities	7,486,068
Receipts from other sources	7,827,512
Payments to and on behalf of employees	(21,171,795)
Payments for other administrative expenses	(3,980,399)
Payments for other direct program costs, including housing assistance payments	(85,616,117)
Program loan activities:	
Cash expended for program loans	(204,486)
Principal collections on notes receivable	335,244
Interest income collections	42,985

NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>18,202,922</u>
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CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Receipts from governmental capital grants	7,442,748
Purchases of capital assets	(20,783,299)
Proceeds from capital debt	31,316,825
Principal paid on capital debt	(1,427,652)
Interest paid on capital debt	(2,025,698)

NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>14,522,924</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of investments, including reinvested interest	(25,476)
Interest received	655,317

NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>629,841</u>
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NET INCREASE IN CASH AND CASH EQUIVALENTS	33,355,687
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CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>61,221,812</u>
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CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 94,577,499</u></u>
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Supplemental Disclosure of Noncash Investing and Financing Activities:

During the year ended September 30, 2017, MDHA recorded non-cash increases in debt totaling \$8,783,377. Also during the year ended September 31, 2017, there was a decrease in accounts payable for capital expenditures of \$1,682,536.

See accompanying notes.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED SEPTEMBER 30, 2017

RECONCILIATION OF OPERATING INCOME TO NET CASH

PROVIDED BY OPERATING ACTIVITIES

Operating income	<u>\$ 10,767,695</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	11,016,809
Bad debt expense	589,952
Changes in assets and liabilities:	
Accounts receivable	73,547
Inventories	(213,826)
Prepaid expenses and other assets	595,301
Due to tenants	81,534
Accounts payable and amounts due to other governments	(5,322,136)
Deferred revenue and other deposits	341,474
Accrued liabilities and compensated absences	141,814
Program loan activities:	
Cash expended for program loans	(198,155)
Principal collections on notes receivable	<u>328,913</u>
TOTAL ADJUSTMENTS	<u>7,435,227</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 18,202,922</u></u>

RECONCILIATION OF CASH TO THE STATEMENT OF NET POSITION:

Cash and cash equivalents	\$ 51,123,231
Restricted cash and cash equivalents	<u>43,454,268</u>
	<u><u>\$ 94,577,499</u></u>

See accompanying notes.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF THE AGENCY

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement focus, basis of accounting and basis of presentation

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

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

Reporting entity

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

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting entity (Continued)

The Agency has included, as discretely presented component units, the activity for Vine Hill Homes, LLC, Preston Taylor Homes, LLC, Ryman Lofts at Rolling Mill Hill, L.P. and Levy Place, L.P. as of and for the year ended December 31, 2016. These entities are shown as discretely presented component units because the Agency is financially accountable for them; however, they do not have full ownership over the entities. The MDHA Housing Trust Corporation, which is included in the Primary Government, has a .01% general partner interest in Vine Hill, Preston Taylor, Ryman Lofts and Levy Place, and is considered a blended component unit. Total assets and net position of MDHA Housing Trust Corporation were approximately \$4,200 at September 30, 2017. Total operating activity was approximately a loss of \$38 for the year ended September 30, 2017. The accounting for these component units are such that they have elected to apply all relevant Accounting Standard Codification (ASC) pronouncements as issued by the Financial Accounting Standards Board.

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

Proprietary Fund Types- the funds are consolidated into a single fund for reporting purposes

CONVENTIONAL LOW RENT HOUSING PROGRAM

This fund is used to account for all Agency owned public housing properties, any mixed finance public housing properties (which are not owned by the Agency), and any Capital Funds costs. It is the largest and most active of the funds and is controlled through an annual operating budget, which is approved by the Board of Commissioners.

CENTRAL OFFICE COST CENTER

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

SECTION 8 VOUCHER PROGRAM

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

CONSOLIDATED ANNUAL ACTION PLAN PROGRAMS

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

LOCAL PROGRAMS

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

BUSINESS ACTIVITIES

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

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

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

Allowance for Doubtful Accounts

The Agency uses the allowance for bad debts method of valuing doubtful receivables which is based on historical experience, coupled with a review of the status of existing receivables. As of September 30, 2017, an allowance for doubtful tenant receivables in the amount of \$5,104,774 has been provided by management.

Investments

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

Capital assets

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

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

Additionally, the Agency holds certain capital assets under agreements with the Metropolitan Government. Under the agreements, the proceeds from the sale of such assets revert to the Metropolitan Government. As of September 30, 2017, the value of these assets totaled \$21,500,000. The assets are recorded in capital assets at fair value at the date of transfer.

Inventory

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

Provision for uncollectible notes

A note receivable is considered impaired when, based on current information, it is probable that all amounts of principal and interest due will not be collected according to the terms of the note agreement. Uncollectible notes are charged to the allowance account in the period such determination is made. The provision for uncollectible notes receivable was \$15,360,411 at September 30, 2017.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated absences

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

Use of estimates in preparation of financial statements

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

Restricted Assets

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

Tenant Accounts Receivable Net of Bad Debt Expense

The State of Tennessee Comptroller's Office review of the 2004 audited financial statements cited that in accordance with Governmental Accounting Standards Board Statement No. 34, revenues in proprietary funds should be reported as net of all related allowances, which include amounts pertaining to uncollectible accounts. Therefore, the increase and decrease in the estimate of uncollectible accounts should be reported net of revenue instead of bad debt expense. The Agency's bad debt expense charged against revenue was \$589,952 for the year ended September 30, 2017.

NOTE 3 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

A. Custodial Credit Risk

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

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

B. Interest Rate Risk

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

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

C. Credit Risk

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

D. Concentration of Credit Risk

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

E. Foreign Currency Risk

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

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

Schedule of restricted cash with offsetting liability as of September 30, 2017:

Funds held for others	\$ 7,711,346
Deposits	670,968
10th & Jefferson Letter of Credit	603,935
J Henry Hale Escrow Accounts	997,384
Due to resident councils	601,068
HAP Reserves	753,163
FSS Escrow Accounts	1,006,687
Post RAD Rehab Escrows	2,596,786
Replacement Reserve Accounts	7,670,543
Strategic Reserve Escrows	19,974,022
Property management company accounts	<u>868,366</u>
	<u><u>\$ 43,454,268</u></u>

Funds held for others \$7,711,346 are cash and cash equivalents held in MDHA's name and managed by the Agency under a 'Memorandum of Understanding' (MOU) for the benefit of certain not-for-profit organizations and affiliate entities and escrow funds held for certain tax increment financing loans.

Tenant security deposits of \$670,968 for rental properties managed by MDHA.

Letter of Credit held at Pinnacle bank required by HUD for 10th and Jefferson 221(d)4 loan of \$603,935.

Deposits of \$997,384 held by HUD for the MDHA J Henry Hale LLC replacement reserve and post RAD rehab reserves.

Amounts due to resident councils of \$601,068 are tenant participation funds from HUD which are held for use by the duly elected resident councils.

Housing Assistance Payment (HAP) restricted equity totaling \$753,163 are excess Section 8 housing assistance funds under the Housing Choice Voucher program.

Deposits of \$1,006,687 are held for participants in the HUD Family Self-Sufficiency program.

Escrow deposits of \$2,596,786 required by HUD to cover non-critical repairs identified in Capital Needs Assessment for the RAD converted project based rental assistance properties.

Replacement reserves of \$7,670,543 required by HUD for the RAD converted project based rental assistance properties.

Deposits of \$19,974,022 from the MDHA J Henry Hale HUD loan proceeds designated by the MDHA Board of Directors as restricted for Recapitalization projects approved by the Board.

Tenant deposits and replacement reserves of \$868,366 for market rate units managed by a separate management company.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

Discretely Presented Component Unit Deposits

As of December 31, 2016, the carrying amount of unrestricted cash and cash equivalents was \$3,375,357. The bank balances held with financial institutions are entirely insured and are classified as cash and cash equivalents on the statement of net position.

Restricted Deposits - Regulations of HUD require that security deposits be segregated from cash. Accordingly, the discretely presented component units hold all security deposits in a separate account. At December 31, 2016, amounts held for tenant security deposits totaled \$15,325. Pursuant to various agreements, the discretely presented component units must hold amounts in reserves and escrow in separate cash accounts. The following is a summary of the restricted cash of the Discretely Presented Component Units as of December 31, 2016:

Replacement Reserves	\$ 641,630
Operating Reserves	175,599
FSS Escrow Accounts	94,080
Loan escrow reserves	5,850,000
Tenant security deposits	<u>15,325</u>
	<u>\$ 6,776,634</u>

Deposit and Investment Policy

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

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

As of September 30, 2017, the majority of MDHA's deposits were held by financial institutions that participate in the bank collateral pool administered by the Treasurer of the State of Tennessee. Participating banks determine the aggregated balance of public fund accounts for MDHA.

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

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

Investments

Certificates of deposit were covered by the State bank collateral pool, federal depository insurance or collateralized with securities held by the government's agent in the government's name.

The Agency has not established a limit on the amount it may invest in any one issuer. Citizens Bank has 100% of the Agency's investments as of September 30, 2017 consisting solely of certificates of deposit.

At September 30, 2017, the future maturities of MDHA's investments are as follows:

Type of Investment	<u>Carrying Amount</u>	<u>Maturity Fiscal 2018</u>	<u>Not Subject to Maturity</u>
Certificates of Deposit	<u>\$ 3,291,197</u>	<u>\$ 3,291,197</u>	<u>\$ -</u>
TOTAL	<u><u>\$ 3,291,197</u></u>	<u><u>\$ 3,291,197</u></u>	<u><u>\$ -</u></u>

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 - CAPITAL ASSETS

A summary of changes in capital assets of the Agency for the year ended September 30, 2017 follows:

	<u>September 30, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>September 30, 2017</u>
Capital assets, not being depreciated:					
Land	\$ 90,634,778	\$ -	\$ -	\$ 7,009,812	\$ 97,644,590
Construction in progress	<u>32,959,882</u>	<u>18,804,683</u>	<u>-</u>	<u>(44,171,474)</u>	<u>7,593,091</u>
Total capital assets, not being depreciated	<u>123,594,660</u>	<u>18,804,683</u>	<u>-</u>	<u>(37,161,662)</u>	<u>105,237,681</u>
Capital assets, being depreciated:					
Buildings	318,259,735	122,386	(83,040)	46,505,448	364,804,529
Infrastructure	18,050,955	-	-	3,120,588	21,171,543
Furniture, equipment, & machinery - dwellings	3,744,998	173,694	(38,395)	311,804	4,192,101
Furniture, equipment, & machinery - administrative	<u>912,703</u>	<u>-</u>	<u>(16,375)</u>	<u>-</u>	<u>896,328</u>
Total capital assets, being depreciated	<u>340,968,391</u>	<u>296,080</u>	<u>(137,810)</u>	<u>49,937,840</u>	<u>391,064,501</u>
Less accumulated depreciation for:					
Buildings	(153,349,427)	(10,274,470)	71,853	(4,167,099)	(167,719,143)
Infrastructure	(13,907,725)	(487,054)	-	(2,976,981)	(17,371,760)
Furniture, equipment, & machinery - dwellings	(3,225,598)	(236,964)	37,908	(307,108)	(3,731,762)
Furniture, equipment, & machinery - administrative	<u>(868,987)</u>	<u>(18,321)</u>	<u>16,375</u>	<u>-</u>	<u>(870,933)</u>
Total accumulated depreciation	<u>(171,351,737)</u>	<u>(11,016,809)</u>	<u>126,136</u>	<u>(7,451,188)</u>	<u>(189,693,598)</u>
Total capital assets, being depreciated, net	<u>169,616,654</u>	<u>(10,720,729)</u>	<u>(11,674)</u>	<u>42,486,652</u>	<u>201,370,903</u>
Total capital assets, net	<u>\$ 293,211,314</u>	<u>\$ 8,083,954</u>	<u>\$ (11,674)</u>	<u>\$ 5,324,990</u>	<u>\$ 306,608,584</u>

Total depreciation expense for the year ended September 30, 2017 was \$11,016,809.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 - CAPITAL ASSETS (Continued)

	<u>December 31, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>December 31, 2016</u>
Capital assets, not being depreciated:					
Land	\$ 870,081	\$ 2,000,000	\$ -	\$ -	\$ 2,870,081
Construction in progress	<u>-</u>	<u>5,892,683</u>	<u>-</u>	<u>-</u>	<u>5,892,683</u>
Total capital assets, not being depreciated	<u>870,081</u>	<u>7,892,683</u>	<u>-</u>	<u>-</u>	<u>8,762,764</u>
Capital assets, being depreciated:					
Buildings	38,978,596	10,000,000	-	(9,476,303)	39,502,293
Infrastructure	4,354,434	-	-	(2,988,071)	1,366,363
Furniture, equipment, & machinery	<u>1,496,069</u>	<u>-</u>	<u>-</u>	<u>(311,804)</u>	<u>1,184,265</u>
Total capital assets, being depreciated	<u>44,829,099</u>	<u>10,000,000</u>	<u>-</u>	<u>(12,776,178)</u>	<u>42,052,921</u>
Less accumulated depreciation for:					
Buildings	(13,146,167)	(1,205,259)	-	4,167,099	(10,184,327)
Infrastructure	(3,055,687)	(39,647)	-	2,976,981	(118,353)
Furniture, equipment, & machinery	<u>(1,276,427)</u>	<u>(31,299)</u>	<u>-</u>	<u>307,108</u>	<u>(1,000,618)</u>
Total accumulated depreciation	<u>(17,478,281)</u>	<u>(1,276,205)</u>	<u>-</u>	<u>7,451,188</u>	<u>(11,303,298)</u>
Total capital assets, being depreciated, net	<u>27,350,818</u>	<u>8,723,795</u>	<u>-</u>	<u>(5,324,990)</u>	<u>30,749,623</u>
Total capital assets, net	<u>\$ 28,220,899</u>	<u>\$ 16,616,478</u>	<u>\$ -</u>	<u>\$ (5,324,990)</u>	<u>\$ 39,512,387</u>

Total Depreciation expense for the year ended December 31, 2016 was \$1,276,205.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 5 - NOTES RECEIVABLE

Notes receivable, including related accrued interest, consisted of the following as of September 30, 2017:

	<u>2017</u>
Preston Taylor Homes Loans - Phase I	\$ 13,071,737
Preston Taylor Homes Loans - Phase II	7,803,916
Levy Place LP	8,104,705
Rehabilitation Loans	2,998,133
Business District Loans	53,704
Façade Loans	145,233
Neighborhood Stabilization Promissory Notes	14,514,864
Other	611,874
Allowance for doubtful accounts	<u>(15,360,411)</u>
Net notes receivable and accrued interest receivable	31,943,755
Less current portion	<u>(258,889)</u>
Net notes receivable and accrued interest receivable, less current portion	<u>\$ 31,684,866</u>

Preston Taylor Homes Loans - Phase I were made to Preston Taylor Homes, LLC for the construction and development of the Preston Taylor project. The loans were funded by various federal grant programs, including HOPE VI, and UDAG repayment funds. The nonrecourse loans are secured by a leasehold deed of trust. The outstanding loan balance accrues interest at the rate of 0.1% per annum. Accrued but unpaid interest shall be due and payable within sixty days after the end of each calendar quarter to the extent of cash flow, as defined in the Amended and Restated Operating Agreement. Cumulative accrued, unpaid interest earned totaled \$192,121 at September 30, 2017, and has been added to the note receivable balance. The notes mature on December 29, 2040. Under a certain Purchase Option Agreement entered into by MDHA and Preston Taylor Homes, LLC, subsequent to the Tax Credit Compliance Period ending in October 2018, MDHA has the right of first refusal to acquire the Preston Taylor Phase I project at the greater of the total outstanding debt on the property or the fair market value of the property.

Preston Taylor Homes Loans - Phase II were made to Preston Taylor Homes, LLC for the construction and development of the Preston Taylor project. The loans were funded by various federal grant programs, including HOPE VI, Capital Fund Grant, and UDAG repayment funds. The nonrecourse loans are secured by a leasehold deed of trust. The outstanding loan balance accrues interest at the rate of .1% per annum. Accrued but unpaid interest shall be due and payable within sixty days after the end of each calendar quarter to the extent of cash flow, as defined in the Amended and Restated Operating Agreement. Cumulative accrued, unpaid interest earned totaled \$107,114 at September 30, 2017, and has been added to the note receivable balance. The notes mature on January 4, 2042. Under a certain Purchase Option Agreement entered into by MDHA and Preston Taylor Homes, LLC, subsequent to the Tax Credit Compliance Period ending in October 2018, MDHA has the right of first refusal to acquire the Preston Taylor Phase II project at the greater of the total outstanding debt on the property or the fair market value of the property.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 5- NOTES RECEIVABLE (CONTINUED)

Levy Place, L.P. Loans - On July 28, 2016, MDHA sold Levy Place Apartments, a 226-unit property, to Levy Place, L.P. Permanent financing was provided by MDHA under a loan commitment of \$7,898,296. The nonrecourse loan is secured by an agency leasehold deed of trust and an assignment of rents and leases. Interest accrues at an annual rate 2.24% commencing July 28, 2016. Principal and accrued interest shall be due and payable within 90 days at the end of the calendar year to the extent of Available Cash Flow, as defined in the Amended and Restated Partnership Agreement. Cumulative accrued, unpaid interest earned totaled \$206,409 at September 30, 2017, and has been added to the note receivable balance. The entire principal balance, as well as accrued and unpaid interest, is due and payable in July 2056.

Rehabilitation Loans are made from the Community Development Block Grant and Home Investment Trust programs to aid homeowners in rehabilitating substandard housing or historic homes. The loans are secured by the property deeds of trust. Loan repayments on rental properties are made monthly, for a maximum of 10 years, together with interest at 3% per annum, with a maximum loan amount set at \$35,000 for projects rehabbing one to two units, \$50,000 for three to four units, and \$75,000 for five or more units. Effective March 2003, the Board of Commissioners approved 3% loans for new construction of rental properties; forgivable loans for rehabilitation of rental projects with five or more units; and forgivable loans for rehabilitation of rental projects with one-half or more of the total number of units containing four or more bedrooms. The four bedroom units must be rented for a low rental rate over the 10 year loan period. The loans are forgiven at the rate of 10% on each anniversary date. Management has provided an allowance for doubtful accounts totaling \$721,612 related to these loans.

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

Facade Loans are made from the Community Development Block Grant program to aid businesses in repairing and renovating the exterior of buildings in the commercial neighborhood strategy areas. The non-interest bearing loans are for a maximum of \$35,000 per building with a five year repayment term. Management has provided an allowance for doubtful accounts totaling \$100,231 related to these loans.

Neighborhood Stabilization Promissory Notes were executed between MDHA and non-profit entities that received NSP funds for the acquisition, rehabilitation and redevelopment of foreclosed or vacant properties. The properties have an affordability period per the grant agreements of 25 years. If the borrower complies with all of the terms and requirements of the restrictions, the entire balance of the Note will be forgiven at the end of the affordability period. No interest shall be due or payable on this Note. The provision for uncollectible notes includes 100% of the NSP notes which total \$14,514,864 as of September 30, 2017.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 5- NOTES RECEIVABLE (CONTINUED)

Other notes receivable consist of business loans to local development agencies for affordable housing development and loans made from the Technical Assistance Program Fund to promote privately owned small businesses in low-income areas and loans related to the sale of properties. Of the \$611,874 balance, \$552,840 is due from Ryman Lofts at Rolling Mill Hill, L.P. The loan bears interest at 5% and matures on September 1, 2041. Principal and interest is payable from the cash flow of Ryman Lofts at Rolling Mill Hill, L.P on an annual basis, on or before the 90th day following the end of each calendar year.

NOTE 6 - OTHER ASSETS

The following is a summary of other assets of the Primary Government for the year ended September 30, 2017:

Tax Increment revenues due for The Sports Authority Debt repayment	\$ 29,987,033
Downtown Parking Garage unamortized bond issuance costs and capitalized interest	6,696,000
10th & Jefferson Other Assets	660,040
Vine Hill Apartments unamortized costs	461,741
Nance Place Apartments unamortized costs	106,680
	<u>\$ 37,911,494</u>

NOTE 7 - LONG-TERM DEBT

A summary of changes in MDHA's long-term debt for the year ended September 30, 2017 is presented below:

	Balance 9/30/2016	Additions	Retirements	Balance 9/30/2017	Due within one year
Notes Payable	<u>\$ 79,702,340</u>	<u>\$ 40,100,202</u>	<u>\$ (2,448,934)</u>	<u>\$ 117,353,608</u>	<u>\$ 3,207,813</u>

Primary Government

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

\$ 633,758

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 7 - LONG-TERM DEBT (CONTINUED)

<p>\$7,875,600 HUD 221(d)4 Substantial Rehabilitation construction note with Walker & Dunlop, LLC, for the construction of a 54 unit apartment building. Interest only payments shall be due monthly beginning November 1, 2015 up to April 1, 2017, thereafter monthly principal and interest payments total \$34,150 are due. The loan bears an interest rate of 4.25%. The loan is collateralized by the 10th & Jefferson apartment complex and assignment of rents and will mature in April of 2057.</p>	6,480,363
<p>\$28,000,000 promissory loan with The Sports Authority of the Metropolitan Government of Nashville and Davidson County for TIF eligible expenses related to the property acquisition and construction of the new ballpark facility on the "Sulphur Dell" site. The loan bears an interest rate of 4.55% per annum and interest payments will begin on July 1, 2014 and principal payments on July 1, 2017 or after previously accrued interest has been fully paid. The loan is securitized by revenues from tax increment revenue generated by certain properties in the Phillips Jackson Redevelopment District. The loan will mature on July 1, 2043. As of September 30, 2017 interest accrued on the loan totaled \$1,987,033. (Included in other noncurrent assets is a corresponding amount totaling \$29,987,033.)</p>	29,987,033
<p>\$2,300,000 promissory note with the Bank of Tennessee, for the construction of a 109 unit apartment building. This loan was previously a construction loan that converted to permanent financing on December 1, 2011. Monthly principal payments total \$6,390 and interest accrues at a variable rate of the Prime Rate each month minus 4%, however the interest rate shall not fall below 0% (Prime Rate at September 30, 2017 was 4.25%). The note is collateralized by the Nance Place apartment complex and assignment of rents and will mature in December of 2026.</p>	1,852,709
<p>\$9,076,327 loan commitment with the Tennessee Housing & Development Agency (THDA) through the TCR Program, pursuant to Section 1602 of the American Recovery and Reinvestment Act of 2009, for the construction of a 109 unit apartment building. The note is noninterest bearing and forgivable over the term of the loan provided all covenants and agreements set forth in the loan agreement are met. The note is collateralized by the Nance Place apartment complex and assignment of rents and will mature in November of 2024.</p>	7,506,577
<p>\$3,508,629 Flexible Subsidy Operating Assistance loan with the Secretary of Housing and Urban Development assumed by MDHA at the purchase of CWA apartments December 19, 2014. The note has an interest rate of 1% with monthly principal and interest payments totaling \$19,029 for a twenty year term maturing September 30, 2034. The loan is collateralized by CWA I Apartments, a 178 unit apartment complex and assignment of rents. Accrued interest as of September 30, 2017 totaled \$129,059.</p>	3,637,688

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 7 - LONG-TERM DEBT (CONTINUED)

\$1,659,585 Flexible Subsidy Operating Assistance loan with the Secretary of Housing and Urban Development assumed by MDHA at the purchase of CWA apartments December 19, 2015. The note has an interest rate of 1% with monthly principal and interest payments totaling \$9,059 for a twenty year term, maturing September 30, 2034. The loan is collateralized by CWA II Apartments, a 76 unit apartment complex and assignment of rents. Accrued interest as of September 30, 2017 totaled \$108,468.	1,732,156
\$42,900,000 Lease Financing Contract with Gates/Parking Real Estate II dated November 14, 2014, for the purchase of 505 Church Street and construction of a parking garage. Monthly payments are required beginning December 2016 through November 2044 and interest accrues at a rate equal to 4.839%.	42,886,166
\$20,478,300 HUD with Walker & Dunlop, LLC, to establish a Board controlled Strategic Reserve to be utilized for MDHA Recapitalization. Monthly principal and interest payments totaling \$83,571 are due. The loan bears an interest rate of 3.41%. The loan is collateralized by the MDHA J Henry Hale apartment complex and assignment of rents and will mature in August of 2052.	20,452,922
\$2,945,072 promissory note with the Bank of Tennessee dated April 19, 2014, for the construction of a 72 unit apartment building. This loan was previously an interest only loan that converted to permanent financing on April 19, 2014. Monthly principal and interest payments total \$24,202 and interest accrues at a rate equal of 5.51%. The note is collateralized by the Uptown Flats apartment complex and assignment of rents and will mature in January of 2024.	2,184,236
	<hr/> \$ 117,353,608 <hr/>

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 7 - LONG-TERM DEBT (CONTINUED)

A schedule of principal maturities of the Agency's long-term debt at September 30, 2017 is as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 3,207,813	\$ 4,830,680	\$ 8,038,493
2019	3,030,719	4,520,008	7,550,727
2020	3,130,668	4,422,517	7,553,185
2021	3,225,894	4,320,452	7,546,346
2022	3,335,398	4,213,229	7,548,627
2023 - 2027	20,644,105	19,243,077	39,887,182
2028 - 2032	16,439,747	15,977,756	32,417,503
2033 - 2037	19,690,292	12,070,365	31,760,657
2038 - 2042	23,598,301	7,210,533	30,808,834
2043 - 2047	14,709,572	2,325,178	17,034,750
2048 - 2052	6,050,909	928,764	6,979,673
2053 - 2057	<u>290,190</u>	<u>174,345</u>	<u>464,535</u>
Total	<u>\$ 117,353,608</u>	<u>\$ 80,236,904</u>	<u>\$ 197,590,512</u>

A summary of changes in long-term debt, before loan cost adjustment of \$75,559 of the Discretely Presented Component Units for the year ended December 30, 2016 is presented below:

	Balance 12/31/2015	Additions	Retirements	Transfers	Balance 12/31/2016	Due within one year
Notes Payable	<u>\$ 35,821,376</u>	<u>\$ 24,027,683</u>	<u>\$ (34,560)</u>	<u>\$ (13,723,290)</u>	<u>\$ 46,091,209</u>	<u>\$ 9,081,074</u>

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Preston Taylor Homes, LLC

HOPE VI Note - Phase I - MDHA is providing mortgage financing in the amount of \$12,020,515 through the HOPE VI Program administered by HUD. As of December 31, 2016, advances totaling \$11,879,616 have been received on this note. Such advances accrue simple interest at the rate of 0.1% per annum from the date which is the earlier of (i) the occurrence of a default or event of default under the note or any document which secures the indebtedness evidenced by the note or (ii) issuance of final certificates of occupancy for the last of the dwelling units to be constructed with the proceeds of the note and shall not be due and payable except at maturity or on acceleration after default. This note is secured by a leasehold deed of trust, assignment of rents and leases, and security agreement and fixture filing on the property. Interest only is payable quarterly from Cash Flow, as defined. All principal and unpaid interest are due 40 years from the date of the note, December 29, 2040. As of December 31, 2016, interest of \$168,296 was accrued, of which \$11,881 was incurred in 2016.

\$ 12,047,912

HOPE VI Note - Phase II - MDHA is providing mortgage financing in the amount of \$4,420,742 through the HOPE VI Program administered by HUD. As of December 31, 2016, advances totaling \$4,420,742 have been received on this note. Such advances accrue simple interest at the rate of 0.1% per annum from the date which is the earlier of (i) the occurrence of a default or event of default under the note or any document which secures the indebtedness evidenced by the note or (ii) issuance of final certificates of occupancy for the last of the dwelling units to be constructed with the proceeds of the note and shall not be due and payable except at maturity or on acceleration after default. This note is secured by a leasehold deed of trust, assignment of rents and leases, and security agreement and fixture filing on the property. Interest only is payable quarterly from Cash Flow, as defined. All principal and unpaid interest are due 40 years from the date of the note, January 4, 2042. As of December 31, 2016, interest of \$58,204 was accrued, of which \$4,419 was incurred in 2016.

4,478,946

UDAG Repayment Funds -Phase I - Additional financing in the amount of \$1,000,000 is being provided by MDHA through UDAG repayment funds. This note is secured by a leasehold deed of trust, assignment of rents and leases, and security agreement and fixture filing on the property and accrues simple interest at the rate of 0.1% per annum. No payments for principal or interest are due until December 29, 2040, 40 years from the date of the note. As of December 31, 2016, advances totaling \$1,000,000 have been received. As of December 31, 2016, interest of \$14,167 was accrued, of which \$1,000 was incurred in 2016.

1,014,167

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 7 - LONG-TERM DEBT (CONTINUED)

UDAG Repayment Funds -Phase II - Additional financing in the amount of \$1,000,000 is being provided by MDHA through UDAG repayment funds. This note is secured by a leasehold deed of trust, assignment of rents and leases, and security agreement and fixture filing on the property and accrues simple interest at the rate of 0.1% per annum. No payments for principal or interest are due until January 4, 2042, 40 years from the date of the note. As of December 31, 2016, advances totaling \$1,000,000 have been received. As of December 31, 2016, interest of \$13,167 was accrued, of which \$1,000 was incurred in 2016. 1,013,167

Comp Grant Loan -Phase II - MDHA is also providing additional financing in the form of a \$1,580,986 comp grant loan. This note is secured by a leasehold deed of trust, assignment of rents and leases, and security agreement and fixture filing on the property and accrues simple interest at the rate of 0.1% per annum. No payments for principal or interest are due until January 4, 2042, 40 years from the date of the note. As of December 31, 2016, advances of \$1,580,986 have been received. As of December 31, 2016, interest of \$20,816 was accrued, of which \$1,581 was incurred in 2016. 1,601,802

CDBG Block Grant Loan -Phase II - MDHA is also providing additional financing in the form of a \$500,000 CDBG block grant loan. This note is secured by a leasehold deed of trust, assignment of rents and leases, and security agreement and fixture filing on the property and accrues simple interest at the rate of 0.1% per annum. No payments for principal or interest are due until January 4, 2042, 40 years from the date of the note. As of December 31, 2016, advances of \$500,000 have been received. As of December 31, 2016, interest of \$6,583 was accrued, of which \$500 was incurred in 506,583

Section 8 Refinancing Grant Loan -Phase II - MDHA is also providing additional financing in the form of a \$400,000 Section 8 refinancing grant loan. This note is secured by a leasehold deed of trust, assignment of rents and leases, and security agreement and fixture filing on the property and accrues simple interest at the rate of 0.1% per annum. No payments for principal or interest are due until January 4, 2042, 40 years from the date of the note. As of December 31, 2016, advances of \$400,000 on the grant loan have been received and repayments of \$204,927 were made in 2005, leaving a balance outstanding of \$195,073 at December 31, 2016. As of December 31, 2016, interest of \$2,571 was accrued, of which \$196 was incurred in 2016 197,644

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Ryman Lofts at Rolling Mill Hill, L.P.

Construction and permanent financing is being provided by Bank of Tennessee under loan commitments of \$3,900,000 (the construction loan) and \$1,000,000 (the permanent loan), respectively. The loans bear interest at a variable interest rate of the prime rate minus 2% and may not fall below 0%. The prime rate at December 31, 2016 was 3.75%. The loans are secured by a leasehold deed of trust and an assignment of rents and leases. Interest only payments are due monthly through March 1, 2014, the maturity date of the construction loan. Beginning August 1, 2014, monthly principal and interest payments of \$3,332 began on the permanent loan, and increased to \$5,561 in September 2014. In February 2015, monthly payments of \$4,304 began on the permanent loan and are due until maturity in June 2029.

901,060

Construction and permanent financing is being provided by Metropolitan Development Housing Agency (MDHA) under a loan commitment of \$400,000. The nonrecourse loan is secured by a second leasehold deed of trust and bears interest at a rate of 5% of the outstanding principal balance per annum. No principal payments are due until the maturity date in September 2041. As of December 31, 2016, interest of \$107,915, remained payable. During 2016, interest expense of \$21,232 was incurred.

507,915

Levy Place, L.P.

Construction and permanent financing is being provided by Pinnacle Bank under a loan commitment of \$5,850,000. The nonrecourse loan is secured by a leasehold deed of trust and an assignment of rents and leases. Interest shall accrue at an annual rate of the Wall Street Journal prime rate (3.75% as of December 31, 2016) minus 4% with a floor of 0% and a cap of 5%. Commencing on August 28, 2016, monthly payments of interest only shall be due and payable until, and including, June 8, 2017, the Conversion Date. After conversion, monthly payments of principal and interest shall be due and payable. There was no accrued interest at December 31, 2016. The entire principal balance, as well as all accrued and unpaid interest, is due and payable on July 28, 2035.

5,850,000

Permanent financing is being provided by MDHA under a loan commitment of \$7,898,296. The nonrecourse loan is secured by an agency leasehold deed of trust and an assignment of rents and leases. Interest shall accrue at an annual rate of 2.24% commencing July 28, 2016. Principal and accrued interest shall be due and payable within 90 days after the end of each calendar year to the extent of Available Cash Flow, as defined in the Amended and Restated Partnership Agreement. During 2016, interest expense of \$73,717 was incurred and remains payable as of December 31, 2016. The entire principal balance, as well as accrued and unpaid interest, is due and payable in July 2056.

7,972,013

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Construction financing is being provided by Pinnacle Bank under a loan commitment of \$10,000,000. The recourse loan is secured by a leasehold deed of trust and an assignment of rents and leases. Interest shall accrue at an annual rate of the Wall Street Journal prime rate (3.75% as of December 31, 2016) minus 4%, with a floor of 0% and a cap of 5%. There was no accrued interest at December 31, 2016. The entire principal balance, as well as any accrued and unpaid interest, was due and payable on July 31, 2017. As of July 31, 2017, payments of \$3,228,176 had been made on the loan, and an extension was granted requiring monthly payments of interest only, and a principal payment in the amount of \$5,818,338 due and payable by December 31, 2017. The remaining principal balance, as well as any accrued and unpaid interest, is due and payable August 10, 2018.

	<u>10,000,000</u>
	46,091,209
Less loan costs	<u>(75,559)</u>
	<u>\$ 46,015,650</u>

A schedule of principal maturities of the Discretely Presented Component Unit's long-term debt before the loan cost adjustment of \$75,559 at December 31, 2016 is as follows:

<u>Year Ending December 31</u>	<u>Principal</u>
2017	9,081,074
2018	988,046
2019	34,560
2020	34,560
2021	34,560
Thereafter	<u>35,918,409</u>
Total	<u>\$ 46,091,209</u>

NOTE 8 - CONDUIT DEBT OBLIGATIONS

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

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 8 - CONDUIT DEBT OBLIGATIONS (CONTINUED)

The Tax Increment Financing Loans, including related accrued interest payable, aggregated approximately \$127 million at September 30, 2017.

A summary of changes in MDHA's conduit debt for the year ended September 30, 2017 is presented below:

Company	Project Description	Balance 9/30/2016	Additions	Retirements	Balance 9/30/2017	Accrued Interest
3501	Castner Knott	\$ 1,850,000	\$ -	\$ -	\$ 1,850,000	\$ 840,147
3501	Cohen Bldg	300,000	-	-	300,000	204,776
3501	Cumberland apts	6,000,000	-	-	6,000,000	476,775
3501	Hermitage- Historic Hotels	1,500,000	-	-	1,500,000	365,953
3501	Kress	404,674	-	(45,152)	359,522	10,626
3501	Viridian	2,103,994	-	(765,312)	1,338,682	21,591
3501	ACME Feed Building	342,397	-	(45,088)	297,309	6,277
3501	Omni Hotel (10/4/2013)					
	Regions Bank	45,257,829	-	(7,851,420)	37,406,409	363,713
3501	Omni Hotel					
	Downtown Parking Garage	966,900	-	(165,460)	801,440	7,901
3501	Omni Hotel - 21C Hotel	1,837,059	-	(359,726)	1,477,333	14,639
3501	Parmenter Garage	1,509,660	-	(85,944)	1,423,716	22,544
3501	505 CST	12,500,000	-	-	12,500,000	1,287,153
3501	21C Hotel Project	4,800,000	-	-	4,800,000	125,224
3504	Rolling Mill Hill	2,663,615	-	(401,214)	2,262,401	62,841
3504	Trolley Barn	431,393	-	(71,123)	360,270	9,377
3504	SWHR Hermitage (Terra House)	649,500	-	(632,270)	17,230	412
3504	205 Demonbreun	3,000,000	-	-	3,000,000	283,756
3504	SWH River House	525,000	-	-	525,000	30,188
3507	Ballpark Project	7,346,521	-	(894,784)	6,451,737	62,788
3510	1821 Jefferson Street	628,000	-	-	628,000	31,400
3510	1712 Jefferson Street	350,000	-	-	350,000	17,500
3511	1101 Dickerson Pike	140,000	-	-	140,000	7,700
3515	5th & MAIN	5,807,570	-	-	5,807,570	2,350,002
3515	East Side Apartments	342,500	-	(77,789)	264,711	22,250
3518	Ash-McNiel	187,524	-	(11,770)	175,754	4,823
3518	Icon	1,175,627	-	(1,175,627)	-	-
3518	Braid Electric	348,313	-	(83,792)	264,521	3,954
3518	Javanco/Waggoner	819,982	-	(172,610)	647,372	19,658
3518	Laurel House 2002	137,611	-	(65,687)	71,924	1,822
3518	Velocity	5,075,670	-	(389,649)	4,686,021	137,510
3518	Gulch Infrastructure (Laurel Property)	3,766,361	-	(2,170,141)	1,596,220	31,898
3518	Gulch Crossing	3,358,885	-	(710,082)	2,648,803	61,511
3518	Westin Hotel	16,000,000	-	-	16,000,000	274,584
3518	Thompson Hotel	4,000,000	-	-	4,000,000	480,175
Total		<u>\$ 136,126,585</u>	<u>\$ -</u>	<u>\$ (16,174,640)</u>	<u>\$ 119,951,945</u>	<u>\$ 7,641,468</u>

Section 108 is the loan guarantee provision of the Community Development Block Grant Program. Section 108 provides communities with a source of financing for economic development, housing rehabilitation, public facilities and large scale physical development projects. The Metropolitan Government has borrowed funds under this program and guaranteed repayment of the loan by pledging present and future Community Development Block Grants. MDHA is the agent designated by the Metropolitan Government to administer the CDBG program; therefore, the outstanding loan does not constitute a debt of MDHA, and it is not reported in the accompanying financial statements. At September 30, 2017, the Section 108 loans outstanding aggregated to approximately \$505,000.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 9 - OTHER LONG-TERM LIABILITIES OTHER THAN DEBT

The activities of compensated absences and other noncurrent liabilities for MDHA consisted of the following at September 30, 2017:

	Balance at October 1, 2016	Additions	Adjustment/ Payments	Balance at September 30, 2017	Current Portion
Compensated absences	\$ 2,286,634	\$ 131,035	\$ 47,507	\$ 2,465,176	\$ 665,598
FSS escrow deposit	\$ 804,847	\$ 201,840	\$ -	\$ 1,006,687	\$ -

NOTE 10 - RISK MANAGEMENT

MDHA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. MDHA maintains commercial insurance covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to MDHA. During the year ended September 30, 2017, settled claims have not exceeded this commercial insurance coverage.

NOTE 11 - EMPLOYEE BENEFIT PLANS

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

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

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

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 11 - EMPLOYEE BENEFIT PLANS (CONTINUED)

MDHA contributions to the Plan for the year ended September 30, 2017 amounted to \$2,009,231, which equaled the amount of required employer contributions. Employee voluntary contributions were \$227,037 in 2017. MDHA's payroll for employees covered by the Plan for the fiscal year ended September 30, 2017 was \$15,455,621. Total payroll for MDHA during the fiscal year ended September 30, 2017 amounted to \$15,853,867.

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

NOTE 12 - LEASES

MDHA leases certain office space and equipment under leases accounted for as operating leases. The minimum future rental commitments under these leases are not significant. Total lease expenditures made for the year ended September 30, 2017 were \$66,780.

In addition, rental income, other than rent directly related to low-income housing units, is received under various other short-term land and building leases accounted for as operating leases. These leases are either cancelable leases or the future minimum rentals under these leases are insignificant. Rental income from these sources totaled \$695,260 for the year ended September 30, 2017.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

MDHA receives significant financial assistance from numerous federal, state and local governmental agencies in the form of grants and operating subsidies. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of MDHA. In the opinion of management, any such disallowed claims would not have a material effect on the financial position of MDHA at September 30, 2017.

At September 30, 2017, the Agency had outstanding construction commitments of approximately \$7.3 million. These outstanding commitments will be paid by grants committed to the Agency by the U.S. Department of Housing and Urban Development and the Metropolitan Government of Nashville and Davidson County, Tennessee.

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

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 14 - AFFILIATE AGREEMENTS

On December 20, 2016, the Investor Member and Special Member of Vine Hill Homes, LLC (the Company) sold their interests in the Company to MDHA, an affiliate of the Managing Member, for \$350,000. The sale was funded through the Vine Hill Authority Reserve, which was established by MDHA. The transfer of the funds was complete before December 19, 2016. The Company was dissolved after the sale of the Project and the assets were transferred/merged with MDHA.

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

The apartment project is managed by MDHA which receives a fee of 6% of the gross revenues of the Project with respect to the nonpublic housing units. A ninety-nine year ground lease has been executed with MDHA. Upon expiration of the agreement, Preston Taylor shall have an option to purchase the land for \$100, provided the development notes have been paid in full. (See Note 6.)

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

The Project is managed by MDHA, an affiliate of the General Partner. Under this agreement, MDHA receives a monthly management fee equal to 8.4% of collected subsidies and gross rents, excluding deposits, advance rents, rebilling utilities, and tenant reimbursements. The management fees are capped at 6% of revenue, as an operating expense, and the remainder is payable from Cash Flow. Management fees of \$135,720 were charged to operations in 2017. There were no fees outstanding as of September 30, 2017.

MDHA guarantees certain financial obligations of Preston Taylor Homes, LLC and Levy Place, LP that include advances of funds, capital contributions, loans, and any and all other payments and options per the Operating Agreements. Tax credit availability and compliance guarantees are also provided by MDHA.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 15 - NET POSITION

The Agency's net position is categorized as follows:

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

The changes in the Agency's net position for the year ended September 30, 2017 are as follows:

	Net Investment in Capital Assets	Restricted	Unrestricted	Totals
Net Position - September 30, 2016	\$ 243,225,594	\$ 1,493,361	\$ 91,107,023	\$ 335,825,978
Changes in net position - 2017	<u>(16,932,677)</u>	<u>30,586,662</u>	<u>(2,238,654)</u>	<u>11,415,331</u>
Net Position - September 30, 2017	<u>\$ 226,292,917</u>	<u>\$ 32,080,023</u>	<u>\$ 88,868,369</u>	<u>\$ 347,241,309</u>

The changes in net position for the Discretely Presented Component Units for the year ended December 30, 2016 are as follows:

	Net Investment in Capital Assets	Restricted	Unrestricted	Totals
Net Position (Deficit) - January 1, 2016	\$ -	\$ 957,501	\$ (6,375,173)	\$ (5,417,672)
Changes in net position - 2016	<u>(6,578,818)</u>	<u>5,709,728</u>	<u>9,125,349</u>	<u>8,256,259</u>
Net Position (Deficit) - December 31, 2016	<u>\$ (6,578,818)</u>	<u>\$ 6,667,229</u>	<u>\$ 2,750,176</u>	<u>\$ 2,838,587</u>

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 16 - MEMBERS CAPITAL CONTRIBUTIONS

Contingent upon various requirements as outlined in the Partnership Agreement for Levy Place, L.P., the Limited Partner has agreed to contribute \$10,760,587 for a 99.989% interest in the Partnership. During the year ended December 31, 2016, capital contributions of \$1,614,088 were received.

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

NOTE 17 - INCOME TAXES

The Agency has qualified with the Internal Revenue Service and the Tennessee Department of Revenue as a tax-exempt organization for income tax purposes and, accordingly, there is no provision in the financial statements for federal or state income taxes.

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

NOTE 18 - MAJOR FUNDING SOURCE

The Agency is substantially funded by Federal awards from the Department of Housing and Urban Development. The amount of future funding cannot be determined at this time by management.

NOTE 19 - SUBSEQUENT EVENTS

The Agency has evaluated events and transactions for potential recognition or disclosure through the date of the Independent Auditor's Report and the date the accompanying financial statements were available to be issued and has identified the following subsequent event.

On November 28, 2017, MDHA Kirkpatrick Park LLC, a single asset entity owned by MDHA, closed a HUD Section 221(d)(4) loan for \$13,776,500 for the new construction of a 94 unit apartment complex. The land is adjacent to Cayce Place, which was donated to MDHA from Metro Nashville Parks in October 2017. MDHA was required to deposit \$8,690,090 of the board controlled strategic reserve funds at closing to bridge the gap for the new construction.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 20 - VINE HILL HOMES, LLC

During the year ended September 30, 2017, MDHA acquired through a merger, all of the assets and liabilities of Vine Hill Homes, LLC. As of the merger date, a breakdown of this Partnership was as follows:

Current Assets	\$ 1,463,061
Property, Plant and Equipment	<u>5,324,990</u>
Total Assets	<u>6,788,051</u>
Current Liabilities	401,331
Long-term Debt, Including Accrued Interest of \$2,615,900	<u>13,707,638</u>
Total Liabilities	<u>14,108,969</u>
Partner's Deficit	<u><u>\$ (7,320,918)</u></u>

MDHA has recognized \$7,320,918 as a transfer in the statement of revenues, expenses and changes in net position. Additionally, MDHA recorded \$2,000,256 as special items, which consists of the write-off of accrued interest payable of \$2,615,900 and other transactions of \$615,644.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 21 - CONDENSED FINANCIAL STATEMENTS

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

STATEMENT OF NET POSITION AT DECEMBER 31, 2016

	Discretely Presented Component Units				Total
	Vine Hill Homes, LLC	Preston Taylor Homes, LLC	Levy Place LP	Ryman Lofts at Rolling Mill Hill, L.P.	
ASSETS					
Current Assets	\$ -	\$ 1,896,462	\$ 8,047,768	\$ 319,577	\$ 10,263,807
Capital Assets, Net	-	15,497,519	17,708,787	6,306,081	39,512,387
Noncurrent Assets	-	7,522	1,480,487	49,390	1,537,399
TOTAL ASSETS	-	17,401,503	27,237,042	6,675,048	51,313,593
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	-	17,401,503	27,237,042	6,675,048	51,313,593
LIABILITIES					
Current Liabilities	-	442,479	1,519,961	371,973	2,334,413
Noncurrent Liabilities	-	20,947,917	23,859,231	1,333,445	46,140,593
TOTAL LIABILITIES	-	21,390,396	25,379,192	1,705,418	48,475,006
DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	-	21,390,396	25,379,192	1,705,418	48,475,006
NET POSITION					
Net investment (deficit) in capital assets	-	(5,362,702)	(6,113,222)	4,897,106	(6,578,818)
Unrestricted net position (deficit)	-	1,026,702	1,886,534	(163,060)	2,750,176
Restricted net position	-	347,107	6,084,538	235,584	6,667,229
TOTAL NET POSITION (DEFICIT)	\$ -	\$ (3,988,893)	\$ 1,857,850	\$ 4,969,630	\$ 2,838,587

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 22 - CONDENSED FINANCIAL STATEMENTS (CONTINUED)

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2016

	Discretely Presented Component Units				Total
	Vine Hill Homes, LLC	Preston Taylor Homes, LLC	Levy Place LP	Ryman Lofts at Rolling Mill Hill, L.P.	
OPERATING REVENUES					
Rentals	\$ 717,850	\$ 1,216,719	\$ 434,544	\$ 463,491	\$ 2,832,604
Other tenant revenue	-	-	-	3,181	3,181
Governmental operating revenue	193,989	481,373	341,730	-	1,017,092
Other income	19,194	88,515	61,464	2,633	171,806
TOTAL OPERATING REVENUES	931,033	1,786,607	837,738	469,305	4,024,683
OPERATING EXPENSES					
Cost of Services:					
Tenant services	6,596	58,591	19,679	-	84,866
Utilities	46,010	67,582	22,960	30,382	166,934
Ordinary maintenance and operations	300,761	749,527	138,799	49,166	1,238,253
Protective services	-	-	12,811	-	12,811
Other direct program costs	106,440	199,778	25,112	49,183	380,513
Administration	424,042	538,611	322,673	179,970	1,465,296
Depreciation	238,179	640,141	183,892	213,993	1,276,205
TOTAL OPERATING EXPENSES	1,122,028	2,254,230	725,926	522,694	4,624,878
OPERATING LOSS	(190,995)	(467,623)	111,812	(53,389)	(600,195)
NONOPERATING REVENUES (EXPENSES)					
Interest income	3,758	7,173	8,847	58	19,836
Interest expense	(164,064)	(21,919)	(73,717)	(35,508)	(295,208)
TOTAL NONOPERATING EXPENSES - NET	(160,306)	(14,746)	(64,870)	(35,450)	(275,372)
Members capital contributions	-	-	1,810,908	-	1,810,908
Transfer of equity from Discretely Presented Components Unit to the Primary Government	7,320,918	-	-	-	7,320,918
CHANGES IN NET POSITION	6,969,617	(482,369)	1,857,850	(88,839)	8,256,259
NET POSITION (DEFICIT) - BEGINNING OF YEAR	(6,969,617)	(3,506,524)	-	5,058,469	(5,417,672)
NET POSITION (DEFICIT) - END OF YEAR	\$ -	\$ (3,988,893)	\$ 1,857,850	\$ 4,969,630	\$ 2,838,587

SUPPLEMENTARY INFORMATION

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

<u>GRANT</u>	<u>FEDERAL CFDA NUMBER</u>	<u>GRANTOR'S NUMBER</u>	<u>GRANT PERIOD</u>	<u>EXPENDITURES</u>	<u>SUB-RECIPIENTS</u>
<u>U.S. DEPARTMENT OF ENERGY</u>					
Passed through State Department of Human Services:					
Weatherization Assistance for Low-Income Persons	81.042	Z-12-409	07-01-16 to 06-30-18	\$ 819,422	
TOTAL U.S. DEPARTMENT OF ENERGY				819,422	
<u>U.S. DEPARTMENT OF HEALTH RESOURCES AND SERVICES ADMINISTRATION</u>					
Nursing Workforce Diversity Program	93.178	D19HP29811	07-01-16 to 06-30-17	\$ 246,322	
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>					
Direct Programs:					
Public and Indian Housing	14.850	A-3777	10-01-16 to 09-30-17	22,044,725	
Cluster:					
Section 8 Housing Choice Vouchers	14.871	A-3152V	10-01-16 to 09-30-17	48,938,044	
Section 8 5yr Mainstream Vouchers	14.879	TN005DV0001	10-01-16 to 09-30-17	455,282	
					49,393,326
Lower-Income Housing Assistance Program:					
Section 8 Moderate Rehabilitation - Single Room Occupancy	14.249	TN005SR0007	10-01-16 to 09-30-17	523,638	
Section 8 Moderate Rehabilitation - Single Room Occupancy	14.249	TN005SC0001	10-01-16 to 09-30-17	105,490	
					629,128
Housing Assistance Payments Program:					
CWA Apartments I	14.195	TN43L000015	12-19-14 to 09-01-17	1,626,678	
CWA Apartments II	14.195	TN43L000016	12-19-14 to 09-01-17	604,519	
J Henry Hale	14.195	TN43RD00004	11-1-16 to 6-30-17	532,813	
MDHA J Henry Hale LLC	14.195	TN43RD00004	7-1-17 to 11-1-17	255,086	
					3,019,096

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED SEPTEMBER 30, 2017

<u>GRANT</u>	<u>FEDERAL CFDA NUMBER</u>	<u>GRANTOR'S NUMBER</u>	<u>GRANT PERIOD</u>		<u>EXPENDITURES</u>	<u>SUB-RECIPIENTS</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (CONTINUED)</u>						
Direct Programs (Continued):						
Public Housing - Capital Fund Program:						
Public Replacement Housing Capital Fund	14.872	A-3777 (TN43R00550211)	09-15-2009 to 07-29-17	803,811		
Public Replacement Housing Capital Fund	14.872	A-3777 (TN43R00550112)	09-15-2009 to 07-29-17	131,314		
Public Replacement Housing Capital Fund	14.872	A-3777 (TN43R00550212)	09-15-2009 to 07-29-17	1,066,945		
Public Replacement Housing Capital Fund	14.872	A-3777 (TN43R00550113)	09-15-2009 to 09-08-17	151,519		
Public Replacement Housing Capital Fund	14.872	A-3777 (TN43R00550213)	09-15-2009 to 09-08-17	1,125,867		
Public Replacement Housing Capital Fund	14.872	A-3777 (TN43R00550114)	05-12-2014 to 05-12-18	130,910		
Public Replacement Housing Capital Fund	14.872	A-3777 (TN43R00550214)	05-12-2014 to 05-12-18	1,286,888		
Public Replacement Housing Capital Fund	14.872	A-3777 (TN43R00550215)	04-12-2015 to 04-12-19	885,841		
Public Housing Capital Fund	14.872	A-3777 (TN43P00550114)	06-12-14 TO 06-12-19	4,668,346		
Public Housing Capital Fund	14.872	A-3777 (TN43P00550115)	04-12-15 TO 04-12-19	3,270,294		
Public Housing Capital Fund	14.872	A-3777 (TN43P00550116)	04-12-16 TO 04-12-20	3,687,803		
				<u>17,209,538</u>		
					17,209,538	
Shelter Plus Care Program:						
Shelter Plus Care	14.238	TN0070L4J041508	07-01-17 TO 06-30-18	8,750		
Shelter Plus Care	14.238	TN0068L4J041407	07-01-16 TO 06-30-17	1,183,073		
Shelter Plus Care	14.238	TN0070C4J041104	07-01-16 TO 06-30-17	19,803		
Shelter Plus Care	14.238	TN0068L4J041609	07-01-17 TO 06-30-18	421,815		
Shelter Plus Care	14.238	TN0213L4J041200	01-13-14 TO 06-13-17	<u>123,383</u>		
					1,756,824	
Supportive Housing Program:						
Supportive Housing Program (HMIS)	14.235	TN006L4J041609	07-01-17 TO 06-30-18	46,033		
Supportive Housing Program (HMIS)	14.235	TN006L4J041508	07-01-16 TO 06-30-17	<u>41,379</u>		
					87,412	
Resident Opportunity and Supportive Services Program:						
Resident Opportunity and Supportive Services	14.870	TN005RPS036A012	01-10-14 to 01-09-17	13,062		
Resident Opportunity and Supportive Services	14.870	TN005RPS070A015	03-24-16 to 03-25-19	<u>228,358</u>		
					241,420	
Choice Neighborhood Planning Grant	14.892	TN4L005CNP115	06/29/2016 to 09/30/2018		206,620	
Family Self-Sufficiency Program	14.896	TN005FSH376A015	01/01/16 to 12/31/17	<u>91,794</u>		
					91,794	
Jobs Plus	14.895	TN005FJP000515	01/01/16 to 09/30/2020		446,053	

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED SEPTEMBER 30, 2017

<u>GRANT</u>	<u>FEDERAL CFDA NUMBER</u>	<u>GRANTOR'S NUMBER</u>	<u>GRANT PERIOD</u>		<u>EXPENDITURES</u>	<u>SUB-RECIPIENTS</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (CONTINUED)</u>						
Passed Through Metropolitan Government of Nashville and Davidson County, Tennessee:						
Cluster:						
Community Development Block Grants Program:						
Community Development Block Grants/Entitlement Grants	14.218	B-XX-MC-47-0007	N/A	3,886,232		
Community Development Block Grants/Entitlement Grants-Disaster	14.218	B-10-MF-47-0002	04-30-2010 to	<u>878,938</u>		440,544
					4,765,170	
HOME Investment Partnerships Program	14.239	M-XX-MC-47-0203	N/A		1,522,708	
Emergency Shelter Grants Program	14.231	E-XX-MC-47-0004	04-01-13 to 03-31-14		419,350	
Housing Opportunities for Persons with AIDS (HOPWA)	14.241	TN-HXX-F002	04-01-13 to 03-31-14		697,690	
Continuum of Care Homeless Assistance	14.267	TN0243L4J041500	07-01-16 to 06-30-17	62,533		
Continuum of Care Homeless Assistance	14.267	TN0268L4J041600	07-01-17 to 06-30-18	<u>23,766</u>		
					86,299	
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					<u>102,617,153</u>	
TOTAL FEDERAL FINANCIAL ASSISTANCE					<u>\$ 103,682,897</u>	<u>\$ 440,544</u>

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED SEPTEMBER 30, 2017

<u>CFDA NUMBER</u>	<u>DESCRIPTION</u>	<u>EXPENDITURES</u>
14.871	Section 8 Housing Choice Vouchers (HCV cluster)	\$ 48,938,044
14.879	Section 8 Five Year Mainstream Vouchers (HCV cluster)	455,282
14.195	* Housing Assistance Payments Program CWA I & II	3,019,096
14.850	Public and Indian Housing	22,044,725
14.267	Continuum of Care Homeless Assistance	86,299
14.872	* Public Housing Capital Fund	17,209,538
14.218	Community Development Block Grants/Entitlement Grants (CDBG cluster)	4,765,170
14.238	* Shelter Plus Care	1,756,824
14.239	HOME Investment Partnerships Program	1,522,708
14.241	Housing Opportunities for Persons With AIDS	697,690
81.042	Weatherization Assistance for Low-Income Persons	819,422
14.249	* Section 8 Moderate Rehabilitation - Single Room Occupancy	629,128
93.178	Nursing Workforce Diversity Program	246,322
14.870	Resident Opportunity and Supportive Services	241,420
14.892	Choice Neighborhood Planning Grant	206,620
14.896	Family Self-Sufficiency Program	91,794
14.895	Jobs Plus	446,053
14.231	Emergency Shelter Grants Program	419,350
14.235	Supportive Housing Program	87,412
TOTAL FEDERAL FINANCIAL ASSISTANCE		<u>\$ 103,682,897</u>

*Tested as major programs in the current year.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED SEPTEMBER 30, 2017

NOTE A - BASIS OF PRESENTATION

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

NOTE B - INDIRECT COSTS

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

NOTE C - PROCUREMENT

As allowed by the Uniform Guidance, the Agency has elected to delay adopting the procurement requirements specified in the Uniform Guidance.

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

	<u>TN43R005501-07</u>
Funds approved	\$ 1,511,187
Funds expended	<u>1,511,187</u>
Excess (deficiency) of funds approved	<u>\$ -</u>
	<u>TN43R005502-08</u>
Funds approved	\$ 486,780
Funds expended	<u>486,780</u>
Excess (deficiency) of funds approved	<u>\$ -</u>
	<u>TN43R005501-09</u>
Funds approved	\$ 1,043,624
Funds expended	<u>1,043,624</u>
Excess (deficiency) of funds approved	<u>\$ -</u>
	<u>TN43R005501-10</u>
Funds approved	\$ 1,204,877
Funds expended	<u>1,204,877</u>
Excess (deficiency) of funds approved	<u>\$ -</u>
	<u>TN43R005502-10</u>
Funds approved	\$ 391,283
Funds expended	<u>391,283</u>
Excess (deficiency) of funds approved	<u>\$ -</u>

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

All costs and related liabilities have been disbursed.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

SCHEDULE OF ACTUAL COSTS FOR THE SPECIFIED PROJECT

FROM INCEPTION OF THE PROJECT THROUGH COMPLETION (CONTINUED)

	<u>TN43R005501-11</u>
Funds approved	\$ 146,391
Funds expended	<u>146,391</u>
Excess (deficiency) of funds approved	<u>\$ -</u>
	<u>TN43R005502-11</u>
Funds approved	\$ 1,272,182
Funds expended	<u>1,272,182</u>
Excess (deficiency) of funds approved	<u>\$ -</u>
	<u>TN43R005501-12</u>
Funds approved	\$ 131,314
Funds expended	<u>131,314</u>
Excess (deficiency) of funds approved	<u>\$ -</u>
	<u>TN43R005502-12</u>
Funds approved	\$ 1,066,945
Funds expended	<u>1,066,945</u>
Excess (deficiency) of funds approved	<u>\$ -</u>

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

All costs and related liabilities have been disbursed.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

SCHEDULE OF ACTUAL COSTS FOR THE SPECIFIED PROJECT

FROM INCEPTION OF THE PROJECT THROUGH COMPLETION (CONTINUED)

	<u>TN43R005501-13</u>
Funds approved	\$ 151,519
Funds expended	<u>151,519</u>
Excess (deficiency) of funds approved	<u>\$ -</u>

	<u>TN43R005502-13</u>
Funds approved	\$ 1,125,867
Funds expended	<u>1,125,867</u>
Excess (deficiency) of funds approved	<u>\$ -</u>

	<u>TN43R005501-14</u>
Funds approved	\$ 130,910
Funds expended	<u>130,910</u>
Excess (deficiency) of funds approved	<u>\$ -</u>

	<u>TN43R005502-14</u>
Funds approved	\$ 1,286,888
Funds expended	<u>1,286,888</u>
Excess (deficiency) of funds approved	<u>\$ -</u>

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

All costs and related liabilities have been disbursed.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

SCHEDULE OF ACTUAL COSTS FOR THE SPECIFIED PROJECT

FROM INCEPTION OF THE PROJECT THROUGH COMPLETION (CONTINUED)

	<u>TN43P005501-14</u>
Funds approved	\$ 6,553,571
Funds expended	<u>6,553,571</u>
Excess (deficiency) of funds approved	<u>\$ -</u>

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

All costs and related liabilities have been disbursed.

OTHER REPORTS

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

To the Board of Commissioners
Metropolitan Development and Housing Agency

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Metropolitan Development and Housing Agency (the "Agency"), which comprise the statement of net position as of September 30, 2017, and the statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 9, 2018.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

MCM CPAs & Advisors LLP

Jeffersonville, Indiana
March 9, 2018



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

To the Board of Commissioners
Metropolitan Development and Housing Agency

We have audited the Metropolitan Development and Housing Agency's (the "Agency's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Agency's major federal programs for the year ended September 30, 2017. The Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

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

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

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

Opinion on Each Major Federal Program

In our opinion, the Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2017.001. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2017.001, that we consider to be a significant deficiency.

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

Report on Internal Control over Compliance (Compliance)

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

MCM CPAs & Advisors LLP

Jeffersonville, Indiana
March 9, 2018

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

SECTION I - SUMMARY OF INDEPENDENT AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

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

Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal Control over major programs:
Material weakness(es) identified? yes x no
Significant deficiency(ies) identified not considered to
be material weaknesses? yes x none reported

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

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

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	
14.238	Shelter Plus Care	\$1,756,824
14.872	Public Housing Capital Fund	\$17,209,538
14.195 / 14.249	Section 8 Project Based Cluster	\$3,648,224

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

Auditee qualified as low-risk auditee? X yes no

SECTION II - FINANCIAL STATEMENT FINDINGS

None

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED SEPTEMBER 30, 2017

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding No.: 2017.001 Eligibility - Significant Deficiency

Section 8 Project Based Cluster:

Section 8 Housing Assistance Payments Program (CFDA No. 14.195)

Criteria: In accordance with HUD guidelines, the Housing Authority must verify the eligibility of applicants by conducting verifications of family income and other pertinent information through third parties, and must reexamine family income and composition at least once every 12 months and adjust the total rent payment and housing assistance payment, as necessary. The Housing Authority must document these inspections and tenant certifications, as appropriate.

Condition: During testing of tenant files for the CWA I and II Project Based Rental Assistance Properties, we noted the following issues:

- 7 instances where tenant income was not properly verified and supported.
- 1 instance where verification of a tenant's social security number was not performed.
- 1 instance where the declaration of citizenship form was not signed by the tenant.
- 1 instance in which a tenant file which we requested to review could not be found.

Cause: Lack of attention to detail and failure to follow policies and procedures that were in place.

Effect: The Housing Authority was not in compliance with HUD regulations.

Questioned Costs: The exact total of questioned costs, if any, could not be determined.

Recommendations: The Housing Authority should implement controls to ensure that tenant income verifications are properly performed for each tenant and to ensure all required documentation is properly maintained in tenant files. As part of this process, we recommend that a member of management periodically review a sample of files to ensure a standardized control process is being followed and the controls are operating effectively in order to meet HUD requirements.

PHA Reply (Corrective Action Plan): Review of tenant files for the CWA I and II properties has been added to the Agency's existing audit schedule for internal compliance monitoring.

Contact Person: Cheryl Jett

Target Completion Date: September 30, 2018

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

None

Independent Accountant's Report on Applying Agreed-Upon Procedure

Board of Commissioners

Metropolitan Development and Housing Agency

We have performed the procedure described in the second paragraph, which was agreed to by Metropolitan Development and Housing Agency (the Housing Authority) and the U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC), solely to assist them in determining whether the electronic submission of certain information agrees with related hard copy documents included within the Title 2, U.S. Code of Federal Regulations, Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance) reporting package. The Housing Authority is responsible for the accuracy and completeness of the electronic submission. This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedure is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

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

We were engaged to perform an audit in accordance with the Uniform Guidance of the financial statements for the Housing Authority as of and for the year ended September 30, 2017, and have issued our reports thereon dated March 9, 2018. The information in the "Hard Copy Documents" column was included within the scope, or was a by-product of that audit. Further, our opinion on the fair presentation of the Financial Data Schedule (FDS) dated March 9, 2018, was expressed in relation to the basic financial statements of the Housing Authority taken as a whole.

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

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



Jeffersonville, Indiana
March 9, 2018

**ATTACHMENT TO INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURE**

UFRS Rule Information	Hard Copy Document(s)	Findings
Balance Sheet and Revenue and Expense (data line items 111 to 13901)	Financial Data Schedule, all CFDAs	Agrees
Footnotes (data element G5000-010)	Footnotes to audited basic financial statements.	Agrees
Type of opinion on FDS (data element G3100-040)	Auditor's supplemental report on FDS	Agrees
Audit Findings Narrative (data element G5200-010)	Schedule of Findings and Questioned Costs	Agrees
General information (data element series G2000, G2100, G2200, G9000, G9100)	OMB Data Collection Form	Agrees
Financial statement report information (data element G3000-010 to G3000-050)	Schedule of Findings and Questioned Costs, Part 1 and OMB Data Collection Form	Agrees
Federal program report information (data element G4000-020 to G4000-040)	Schedule of Findings and Questioned Costs, Part 1 and OMB Data Collection Form	Agrees
Type of Compliance Requirement (G4200-020 & G4000-030)	OMB Data Collection Form	Agrees
Basic financial statements and auditor's reports required to be submitted electronically	Basic financial statements (inclusive of auditor reports)	Agrees

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

	Submission Type: Audited/Single Audit	Fiscal Year End: 9/30/2017																									
	Project Total	14.896 PH Family Self-Sufficiency Program	14.895 Jobs-Plus Pilot Initiative	14.218 Community Development Block Grants/Entitlement Grants	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.879 Mainstream Vouchers	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.238 Shelter Plus Care	14.239 HOME Investment Partnerships Program	2 State/Local	1 Business Activities	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	14.267 Continuum of Care Program	81.042 Weatherization Assistance for Low-Income Persons	14.241 Housing Opportunities for Persons with AIDS	14.231 Emergency Shelter Grants Program	14.235 Supportive Housing Program	93.178 Nursing Education Opportunities for Individuals from Disadvantaged Backgrounds	14.892 Choice Neighborhoods Planning Grants	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	31,527,326					788,021	245,606	188,005	3,375,357	955,696		24,214	5,817,116	6,120,845	3,328,135									2,128,260	54,498,588		54,498,588
112 Cash - Restricted - Modernization and Development									5,850,000																5,850,000		5,850,000
113 Cash - Other Restricted	2,005,846					1,544,816			911,306	1,375,515			1,580,626	20,629,268	9,422,096							269,856	5,354,206		43,093,540		43,093,540
114 Cash - Tenant Security Deposits	837,054								15,325	93,453				74,497	267,033										1,287,362		1,287,362
115 Cash - Restricted for Payment of Current Liabilities																											
100 Total Cash	34,370,226					2,332,837	245,606	188,005	10,151,997	2,424,664		24,214	7,397,744	26,824,608	13,017,264							269,856	7,482,466		104,729,490		104,729,490
121 Accounts Receivable - PHA Projects																											
122 Accounts Receivable - HUD Other Projects	34,766		72,740	2,070,243	16,873				14,751		158,325	368,536			95,095	14,016							54,376		2,940,936		2,940,936
124 Accounts Receivable - Other Government	301,011													953,904			3,243								1,259,907		1,259,907
125 Accounts Receivable - Miscellaneous	2,367													824,566	216,470	1,443					1,749		30,835	2,021	1,077,696		1,077,696
126 Accounts Receivable - Tenants	248,166								21,906	53,028					2,433	169,881									495,416		495,416
126.1 Allowance for Doubtful Accounts - Tenants	(168,447)									(33,874)				(947)	(119,168)										(322,436)		(322,436)
126.2 Allowance for Doubtful Accounts - Other				(41,429)								(47,629)											(13,371,937)		(13,460,995)		(13,460,995)
127 Notes, Loans, & Mortgages Receivable - Current				78,075								250,834	10,000	9,033									13,371,937		13,719,884		13,719,884
128 Fraud Recovery						4,757,643	18,525	6,170																	4,782,338		4,782,338
128.1 Allowance for Doubtful Accounts - Fraud						(4,757,643)	(18,525)	(6,170)																	(4,782,338)		(4,782,338)
129 Accrued Interest Receivable																											
120 Total Receivables, Net of Allowances for Doubtful Accounts	417,865		72,740	2,106,893	16,873				36,656	19,152	158,325	571,741	1,788,470	226,991	147,250	14,016	3,243	18,250	9,296	13,656	1,749	54,376	30,835	2,021	5,710,410		5,710,410
131 Investments - Unrestricted																								3,291,197	3,291,197		3,291,197
132 Investments - Restricted																											
135 Investments - Restricted for Payment of Current Liability																											
142 Prepaid Expenses and Other Assets	123,358							1,973	75,152	11,490	1,192			49,067	52,494									103,910	418,642		418,642
143 Inventories																											
143.1 Allowance for Obsolete Inventories																											
144 Inter Program Due From																									1,692,312	(1,692,312)	
145 Assets Held for Sale				1,146,793								147,194	53,123	285,000										180,000	1,812,110		1,812,110
150 Total Current Assets	34,911,450		72,740	3,253,686	16,873	2,332,837	247,582	188,005	10,263,807	2,455,306	159,521	743,146	9,239,337	27,385,666	13,217,006	14,016	3,243	18,250	9,296	13,656	1,749	54,376	300,691	12,751,906	117,654,161	(1,692,312)	115,961,849
161 Land	17,400,511			1,671,063		51,500			2,870,089	6,111,335			90,000	60,819,665	4,323,124	5,807,183							1,256,632	113,572	100,514,671		100,514,671
162 Buildings	192,980,643			1,474,712		1,033,300			39,502,235	29,701,646			625,646	30,514,228	13,168,796	84,682,166							6,969,637	3,653,762	404,306,822		404,306,822
163 Furniture, Equipment & Machinery - Dwellings	2,284,474			30,023					2,550,626	103,784				37,046	770,577									966,195	6,742,728		6,742,728
164 Furniture, Equipment & Machinery - Administration	52,557					15,446											6,338							821,987	896,326		896,326
165 Leasehold Improvements																											
166 Accumulated Depreciation	(126,919,157)			(696,562)		(473,598)			(11,303,298)	(10,182,651)		(116,659)	(2,407,276)	(3,464,202)	(40,037,743)		(6,338)					(759,821)	(4,629,591)	(200,996,896)		(200,996,896)	
167 Construction in Progress									5,892,683				1,334,492	6,258,595											13,485,774		13,485,774
168 Infrastructure	12,843,710									5,626,500				419,132	2,282,201										21,171,543		21,171,543
160 Total Capital Assets, Net of Accumulated Depreciation	98,642,735			2,479,236		626,646			39,512,387	31,360,614			598,990	90,281,105	20,742,407	53,504,384						7,466,455	925,925	346,120,971		346,120,971	
171 Notes, Loans and Mortgages Receivable - Non-Current	20,875,653			278,182								1,833,486	592,840	8,104,705											31,684,866		31,684,866
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due																											
173 Grants Receivable - Non Current																											
174 Other Assets	461,741								1,537,396				36,988,165	461,588											39,448,893		39,448,893
176 Investments in Joint Ventures																											
180 Total Non-Current Assets	119,980,132			2,757,416		626,646			41,049,782	31,360,614		2,432,476	127,842,114	29,308,790	53,504,384							7,466,455	925,925	417,254,730		417,254,730	
200 Deferred Outflow of Resources																											
290 Total Assets and Deferred Outflow of Resources	154,891,582		72,740	6,011,104	16,873	2,959,483	247,582	188,005	51,313,593	33,815,920	159,521	3,175,625	137,081,451	56,694,446	66,721,392	14,016	3,243	18,250	9,296	13,656	1,749	54,376	7,767,144	13,677,831	534,908,891	(1,692,312)	533,216,579
311 Bank Overdraft																											
312 Accounts Payable <= 90 Days	777,422		31,415	647,424	216	2,559		13	1,509,530	40,392		294,973	1,296,272	34,495	401,406	29	2,623	5,046	3,594			189		115,153	5,162,742		5,162,742
313 Accounts Payable >90 Days Past Due																											
321 Accrued Wage/Payroll Taxes Payable	118,267		3,823	23,376	3,851	53,028			32,496	5,507			8,181	489	44,836	78		497	1,436	2,141	199	1,326		180,170	480,398		480,398
322 Accrued Compensated Absences - Current Portion	190,520		1,092	27,032	1,249	88,896			24,197	9,495			9,970	1,071	69,720	2,419		319	376	3,046	60	573		259,766	689,796		689,796
324 Accrued Contingency Liability																											
325 Accrued Interest Payable																											
331 Accounts Payable - HUD PHA Programs							56,320																		56,320		56,320
332 Account Payable - PHA Projects									279,046																279,046		279,046
333 Accounts Payable - Other Government																											
341 Tenant Security Deposits	837,054								118,122	93,453				74,497	267,033										1,390,164		1,390,164
342 Unearned Revenue	92,196								315,722	18,996		97,776	27,402	6,086	76,076									5,250	639,503		639,503
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue									9,081,074	310,226				1,785,925	853,366	83,503						174,796			12,288,887		12,288,887
344 Current Portion of Long-term Debt - Operating Borrowings																											
345 Other Current Liabilities																											
346 Accrued Liabilities - Other	1,632,236					22,791			20,726	223			985,392	663	86,544									5,355,108	8,103,686		8,103,686
347 Inter Program - Due To			33,456	1,299,487	8,181						159,521			120,022		4,281	629	11,566	2,875	236	1,329	50,737			1,692,312	(1,692,312)	
348 Loan Liability - Current																											
310 Total Current Liabilities	3,647,694		69,786	1,997,315	13,497	167,276	56,320	13	11,380,927	478,286	159,521	392,746	4,113,148	1,090,676	1,029,122	7,501	3,243	17,412	8,289	5,423							

Submission Type: Audited/Single Audit		Fiscal Year End: 9/30/2017																									
	Project Total	14.896 PIH Family Self-Sufficiency Program	14.895 Jobs-Plus Pilot Initiative	14.218 Community Development Block Grants/Entitlement Grants	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.879 Mainstream Vouchers	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.238 Shelter Plus Care	14.239 HOME Investment Partnerships Program	2 State/Local	1 Business Activities	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	14.267 Continuum of Care Program	81.042 Weatherization Assistance for Low-Income Persons	14.241 Housing Opportunities for Persons with AIDS	14.231 Emergency Shelter Grants Program	14.235 Supportive Housing Program	93.178 Nursing Education Opportunities for Individuals from Disadvantaged Backgrounds	14.892 Choice Neighborhoods Planning Grants	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	COCOC	Subtotal	ELIM	Total
509.3 Restricted Fund Balance																											
510.3 Committed Fund Balance																											
511.3 Assigned Fund Balance																											
511.4 Restricted Net Position						753,163			6,667,225	1,363,676			603,935	19,974,022	9,385,224										38,747,252		38,747,252
512.3 Unassigned Fund Balance																											
512.4 Unrestricted Net Position	51,919,711			1,461,461		380,369	191,262	187,995	2,750,176	886,052		2,183,887	7,179,175	15,382,825	2,660,791							300,691	6,134,126	91,618,545		91,618,545	
513 Total Equity - Net Assets / Position	150,562,449			3,940,697		1,760,200	191,262	187,995	2,838,587	13,157,423		2,782,877	61,854,057	39,980,835	60,180,555							5,582,906	7,060,051	350,079,896		350,079,896	
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	154,891,582		72,740	6,011,104	16,873	2,959,485	247,582	188,005	51,313,593	33,815,920	159,521	3,175,625	137,081,451	56,694,446	66,721,392	14,015	3,243	18,250	9,296	13,656	1,749	54,376	7,767,146	13,677,831	534,908,891	(1,692,312)	533,216,579

Entity Wide Revenue and Expense Summary

Fiscal Year End: 9/30/2017

-67-

Submission Type: Audited/Single Audit		Fiscal Year End: 9/30/2017																										
	Project Total	14.896 PIH Family Self-Sufficiency Program	14.895 Jobs-Plus Pilot Initiative	14.218 Community Development Block Grants/Entitlement Grants	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.879 Mainstream Vouchers	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.238 Shelter Plus Care	14.239 HOME Investment Partnerships Program	2 State/Local	1 Business Activities	14.195 Section 8 Housing Assistance Payments Program, Special Allocations	14.267 Continuum of Care Program	81.042 Weatherization Assistance for Low Income Persons	14.241 Housing Opportunities for Persons with AIDS	14.231 Emergency Shelter Grants Program	14.235 Supportive Housing Program	93.178 Nursing Education Opportunities for Individuals from Disadvantaged Backgrounds	14.892 Choice Neighborhoods Planning Grants	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	COCC	Subtotal	ELIM	Total	
97100 Extraordinary Maintenance																												
97200 Casualty Losses - Non-capitalized																												
97300 Housing Assistance Payments	188,551					44,183,236	543,195	404,131			1,621,987														46,941,100		46,941,100	
97400 Depreciation Expense						28,564			1,276,205	280,879		15,642	903,934	442,214	2,298,184										103,656	12,293,014		12,293,014
97500 Fraud Losses																												
97600 Capital Outlays - Governmental Funds																												
97700 Debt Principal Payment - Governmental Funds																												
97800 Dwelling Units Rent Expense																												
99000 Total Expenses	35,031,158	91,794	446,053	5,201,710	241,420	49,127,526	543,376	404,496	4,920,086	1,193,377	1,622,018	1,937,057	8,268,609	2,106,700	9,088,706	86,299	819,422	697,690	419,350	87,412	246,322	206,620	322,056	8,602,111	131,711,370	(6,937,880)	124,773,490	
10010 Operating Transfer In																												
10020 Operating transfer Out																												
10030 Operating Transfers from/to Primary Government																												
10040 Operating Transfers from/to Component Unit	(7,320,918)								7,320,918																			
10050 Proceeds from Notes, Loans and Bonds																												
10060 Proceeds from Property Sales																												
10070 Extraordinary Items, Net Gain/Loss																												
10080 Special Items (Net Gain/Loss)	2,000,256																									2,000,256		2,000,256
10091 Inter Project Excess Cash Transfer In																										2,000,256		2,000,256
10092 Inter Project Excess Cash Transfer Out	(127,618)																											
10093 Transfers between Program and Project - In	265,764														4,806,340											14,551,283		14,551,283
10094 Transfers between Project and Program - Out	(13,566,829)						(85,934)	(44,897)			(134,933)		(348,694)	(369,996)												(14,551,283)		(14,551,283)
10100 Total Other financing Sources (Uses)	(10,127,002)					265,764	(85,934)	(44,897)	7,320,918		(134,933)		(348,694)	(21,302)	4,806,340									369,996		2,000,256		2,000,256
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	7,538,115			(214,053)		354,700	542	7,348	8,256,259	(666,720)		(396,218)	1,109,868	1,961,941	1,773,002									50,390	(103,584)	19,671,590		19,671,590
11020 Required Annual Debt Principal Payments									34,560	310,220			1,702,207	775,431	336,816											3,334,033		3,334,033
11030 Beginning Equity						405,500	190,720	180,647	(5,417,672)	-		3,179,095	63,574,733	22,992,064	4,641,261										7,163,635	330,408,306		330,408,306
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	(79,786,721)									13,824,143			(2,830,544)	15,026,830	53,766,292													
11050 Changes in Compensated Absence Balance																												
11060 Changes in Contingent Liability Balance																												
11070 Changes in Unrecognized Pension Transition Liability																												
11080 Changes in Special Term/Severance Benefits Liability																												
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents																												
11100 Changes in Allowance for Doubtful Accounts - Other																												
11170 Administrative Fee Equity						1,007,037																				1,007,037		1,007,037
11180 Housing Assistance Payments Equity						753,163																				753,163		753,163
11190 Unit Months Available	53,059					84,192	1,416	900	7,464	684	2,724			3,325	19,794										173,558		173,558	
11210 Number of Unit Months Leased	51,876					78,049	1,214	896	6,273	671	2,724			3,197	19,224										164,124		164,124	
11270 Excess Cash	26,979,834																									26,979,834		26,979,834
11610 Land Purchases																												
11620 Building Purchases	7,442,748																									7,442,748		7,442,748
11630 Furniture & Equipment - Dwelling Purchases																												
11640 Furniture & Equipment - Administrative Purchases																												
11650 Leasehold Improvements Purchases																												
11660 Infrastructure Purchases																												
13510 CFFP Debt Service Payments																												
13901 Replacement Housing Factor Funds																												

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

Submission Type: Audited/Single Audit

Fiscal Year End: 9/30/2017

	TN005000001	TN005000002	TN005000003	TN005000004	TN005000005	TN005000006	TN005000007	TN005000008	TN005000009	TN005000010	TN005000011	TN005000012	TN005000013	TN005000014	TN005000016	OTHER PROJ	Total
111 Cash - Unrestricted	5,331,872	10,356,986	3,759,577		4,524,353			3,555,806		1,824,238	1,351,796	217,113		605,124	461		31,527,326
112 Cash - Restricted - Modernization and Development																	
113 Cash - Other Restricted	22,788	19,435	4,758		10,360					16,477		525,185		26,394		1,380,449	2,005,846
114 Cash - Tenant Security Deposits	178,479	223,841	110,255		65,868			79,085		107,438	19,401	46,837		4,200	1,650		837,054
115 Cash - Restricted for Payment of Current Liabilities																	
100 Total Cash	5,533,139	10,600,262	3,874,590	-	4,600,581	-	-	3,634,891	-	1,948,153	1,371,197	789,135	-	635,718	2,111	1,380,449	34,370,226
121 Accounts Receivable - PHA Projects																	
122 Accounts Receivable - HUD Other Projects															34,768		34,768
124 Accounts Receivable - Other Government										301,011							301,011
125 Accounts Receivable - Miscellaneous	71	72	73					1,901				250					2,967
126 Accounts Receivable - Tenants	42,806	45,201	40,443		18,717			15,797		48,467	8,197	9,932		14,709	3,897		248,166
126.1 Allowance for Doubtful Accounts -Tenants	(26,510)	(32,004)	(34,076)		(10,854)			(77)		(39,186)	(402)	(7,636)		(14,370)	(3,332)		(168,447)
126.2 Allowance for Doubtful Accounts - Other																	-
127 Notes, Loans, & Mortgages Receivable - Current																	
128 Fraud Recovery																	
128.1 Allowance for Doubtful Accounts - Fraud																	
129 Accrued Interest Receivable																	
120 Total Receivables, Net of Allowances for Doubtful Accounts	16,367	13,269	6,440	-	7,863	-	-	17,621	-	310,292	7,795	2,546	-	339	35,333	-	417,865
131 Investments - Unrestricted																	
132 Investments - Restricted																	
135 Investments - Restricted for Payment of Current Liability																	
142 Prepaid Expenses and Other Assets	18,933	24,299	17,118		10,501			22,289		15,750	9,141	2,514		2,814			123,359
143 Inventories																	
143.1 Allowance for Obsolete Inventories																	
144 Inter Program Due From																	
145 Assets Held for Sale																	
150 Total Current Assets	5,568,439	10,637,830	3,898,148	-	4,618,945	-	-	3,674,801	-	2,274,195	1,388,133	794,195	-	638,871	37,444	1,380,449	34,911,450
161 Land	1,438,672	5,410,858	1,792,681		834,168			876,157		2,768,618	63,561			3,362,056	853,740		17,400,511
162 Buildings	24,541,800	37,307,361	23,776,262		14,566,906			29,455,420		25,878,131	10,683,214	9,476,303		6,191,799	11,103,447		192,980,643
163 Furniture, Equipment & Machinery - Dwellings	355,775	238,082	207,088		98,521			364,366		344,458	279,315	311,804		85,065			2,284,474
164 Furniture, Equipment & Machinery - Administration								5,916						46,641			52,557
165 Leasehold Improvements																	
166 Accumulated Depreciation	(24,152,236)	(28,218,496)	(17,442,587)		(14,501,834)			(14,561,082)		(13,272,816)	(4,434,991)	(7,622,998)		(2,688,340)	(23,777)		(126,919,157)
167 Construction in Progress																	
168 Infrastructure	1,422,904	3,326,010	1,079,101		168,983			257,222		2,312,913	230,500	2,988,071		1,058,006			12,843,710
160 Total Capital Assets, Net of Accumulated Depreciation	3,606,915	18,063,815	9,412,545	-	1,166,744	-	-	16,397,999	-	18,031,304	6,821,599	5,153,180	-	8,055,227	11,933,410	20,875,653	98,642,738
171 Notes, Loans and Mortgages Receivable - Non-Current																20,875,653	20,875,653
172 Notes, Loans, & Mortgages Receivable - Non Current - Past																	
173 Grants Receivable - Non Current																	
174 Other Assets											461,741						461,741
176 Investments in Joint Ventures																	
180 Total Non-Current Assets	3,606,915	18,063,815	9,412,545	-	1,166,744	-	-	16,397,999	-	18,031,304	6,821,599	5,614,921	-	8,055,227	11,933,410	20,875,653	119,980,132
200 Deferred Outflow of Resources																	
290 Total Assets and Deferred Outflow of Resources	9,175,354	28,701,645	13,310,693		5,785,689			20,072,800		20,305,499	8,209,732	6,409,116	-	8,694,095	11,970,854	22,256,102	154,891,582
311 Bank Overdraft																	
312 Accounts Payable <= 90 Days	159,293	196,449	133,303		62,949			103,278		56,638	25,143	17,626		3,816	18,927		777,422
313 Accounts Payable >90 Days Past Due																	
321 Accrued Wage/Payroll Taxes Payable	23,556	25,461	16,869		10,899			15,444		14,272	5,053	5,095		1,286	332		118,267
322 Accrued Compensated Absences - Current Portion	30,561	39,474	24,763		23,717			27,860		15,755	11,918	12,497		3,201	774		190,520
324 Accrued Contingency Liability																	
325 Accrued Interest Payable																	
331 Accounts Payable - HUD PHA Programs																	

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

Submission Type: Audited/Single Audit																	Fiscal Year End: 9/30/2017																
	TN005000001	TN005000002	TN005000003	TN005000004	TN005000005	TN005000006	TN005000007	TN005000008	TN005000009	TN005000010	TN005000011	TN005000012	TN005000013	TN005000014	TN005000016	OTHER PROJ	Total																
332 Account Payable - PHA Projects																																	
333 Accounts Payable - Other Government																																	
341 Tenant Security Deposits	178,479	223,841	110,255		65,868			79,085		107,438	19,401	46,837		4,200	1,650		837,054																
342 Unearned Revenue	16,311	13,265	6,367		7,863			27,842		9,554	7,795	2,296		338	564		92,195																
343 Current Portion of Long-term Debt - Capital																																	
344 Current Portion of Long-term Debt - Operating Borrowings																																	
345 Other Current Liabilities																																	
346 Accrued Liabilities - Other	56,910	42,195	57,724		30,079			35,632		1,143	15,445	2,659		10,000		1,380,449	1,632,236																
347 Inter Program - Due To																																	
348 Loan Liability - Current																																	
310 Total Current Liabilities	465,110	540,685	349,281	-	201,375	-	-	289,141	-	204,800	84,755	87,010	-	22,841	22,247	1,380,449	3,647,694																
351 Long-term Debt, Net of Current - Capital Projects/Mortgage																																	
352 Long-term Debt, Net of Current - Operating Borrowings																																	
353 Non-current Liabilities - Other	22,788	19,435	4,758		10,360					16,477		66,114		26,394			166,326																
354 Accrued Compensated Absences - Non Current	82,628	106,727	66,953		64,123			75,327		42,598	32,221	33,787		8,656	2,093		515,113																
355 Loan Liability - Non Current																																	
356 FASB 5 Liabilities																																	
357 Accrued Pension and OPEB Liabilities																																	
350 Total Non-Current Liabilities	105,416	126,162	71,711	-	74,483	-	-	75,327	-	59,075	32,221	99,901	-	35,050	2,093	-	681,439																
300 Total Liabilities	570,526	666,847	420,992	-	275,858	-	-	364,468	-	263,875	116,976	186,911	-	57,891	24,340	1,380,449	4,329,133																
400 Deferred Inflow of Resources																																	
508.4 Net Investment in Capital Assets	3,606,915	18,063,815	9,412,545		1,166,744			16,397,999		18,031,304	6,821,599	5,153,180		8,055,227	11,933,410		98,642,738																
511.4 Restricted Net Position																																	
512.4 Unrestricted Net Position	4,997,913	9,970,983	3,477,156	-	4,343,087	-	-	3,310,333	-	2,010,320	1,271,157	1,069,025		580,980	13,104	20,875,653	51,919,711																
513 Total Equity - Net Assets / Position	8,604,828	28,034,798	12,889,701	-	5,509,831	-	-	19,708,332	-	20,041,624	8,092,756	6,222,205	-	8,636,207	11,946,514	20,875,653	150,562,449																
600 Total Liabilities, Deferred Inflows of Resources and Equity -	9,175,354	28,701,645	13,310,693	-	5,785,689	-	-	20,072,800	-	20,305,499	8,209,732	6,409,116		8,694,098	11,970,854	22,256,102	154,891,582																

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

Submission Type: Audited/Single Audit		Fiscal Year End: 9/30/2017															
	TN005000001	TN005000002	TN005000003	TN005000004	TN005000005	TN005000006	TN005000007	TN005000008	TN005000009	TN005000010	TN005000011	TN005000012	TN005000013	TN005000014	TN005000016	OTHER PROJ	Total
70300 Net Tenant Rental Revenue	1,455,532	1,661,236	1,728,411	561,213	1,125,021	438,566	315,704	1,581,639	246,246	1,054,298	453,195	407,661		134,530	7,704		11,170,956
70400 Tenant Revenue - Other	162,953	210,822	98,045	33,807	73,320	10,081	7,930	29,291	6,087	46,408	8,605	12,494		12,971	230		713,044
70500 Total Tenant Revenue	1,618,485	1,872,058	1,826,456	595,020	1,198,341	448,647	323,634	1,610,930	252,333	1,100,706	461,800	420,155	-	147,501	7,934	-	11,884,000
70600 HUD PHA Operating Grants	4,829,286	4,819,506	2,696,627	6,918,122	3,236,606	1,491,027	983,253	1,949,027	1,212,778	1,415,739	904,235	257,317	704,727	211,639	181,626		31,811,515
70610 Capital Grants										2,011,279					5,431,469		7,442,748
70710 Management Fee																	
70720 Asset Management Fee																	
70730 Book Keeping Fee																	
70740 Front Line Service Fee																	
70750 Other Fees																	
70700 Total Fee Revenue																	
70800 Other Government Grants																	
71100 Investment Income - Unrestricted	54,474	93,453	37,559	5,841	44,173	2,645	2,114	21,509	3,717	20,688	12,828	7,094		5,951			312,046
71200 Mortgage Interest Income																	
71300 Proceeds from Disposition of Assets Held for Sale																	
71310 Cost of Sale of Assets																	
71400 Fraud Recovery																	
71500 Other Revenue	68,081	132,479	221,426	8,938	12,044	19,187	11,312	53,109	5,428	43,942	69,348	535,835		7,063		61,291	1,249,483
71600 Gain or Loss on Sale of Capital Assets														(3,517)			(3,517)
72000 Investment Income - Restricted																	
70000 Total Revenue	6,570,326	6,917,496	4,782,068	7,527,921	4,491,164	1,961,506	1,320,313	3,634,575	1,474,256	4,592,354	1,448,211	1,220,401	704,727	368,637	5,621,029	61,291	52,696,275
91100 Administrative Salaries	343,159	428,679	232,428	56,572	206,786	60,541	45,412	184,491	50,358	153,799	75,054	53,439		18,161	1,590		1,910,469
91200 Auditing Fees	5,646	6,472	4,383	4,430	4,257	1,734	1,663	3,958	2,412	2,901	1,159	890		315			40,220
91300 Management Fee	1,105,695	468,536	323,797	118,532	227,767	75,808	62,260	296,601	48,363	206,802	86,636	60,427	-	22,847	1,138		3,105,209
91310 Book-keeping Fee	61,511	71,068	49,115	17,980	34,549	11,499	9,443	44,997	7,335	31,368	13,144	9,166		3,467	173		364,815
91400 Advertising and Marketing		525	1,090												195		1,810
91500 Employee Benefit contributions - Administrative	118,865	171,547	111,812	21,248	91,512	29,106	19,246	77,769	16,074	54,393	36,983	27,146		7,865	482		784,048
91600 Office Expenses	88,530	109,644	92,896	30,290	56,102	18,335	16,452	89,363	15,371	61,106	22,615	14,174		5,952	59,054		679,884
91700 Legal Expense	116,946	163,531	101,388	20,711	55,849	3,138	6,013	21,383	5,234	31,982	7,555	16,078		5,058			554,866
91800 Travel	230	2,759	575	1,995	135	100	38	118	66	448	99	147					6,710
91810 Allocated Overhead																	
91900 Other	4,557	4,658	4,491	911	2,790	1,678	1,530	6,681	906	2,095	1,488	933		12		61	32,791
91000 Total Operating - Administrative	1,845,139	1,427,419	921,975	272,669	679,747	201,939	162,057	725,361	146,119	544,894	244,733	182,400	-	63,677	62,632	61	7,480,822
92000 Asset Management Fee																	
92100 Tenant Services - Salaries	44,955		22,898			617	412	44,100	11,255		13,172	27,303		2,867			167,579
92200 Relocation Costs	-								500								500
92300 Employee Benefit Contributions - Tenant Services	21,014		9,456			203	136	18,594	4,759		5,563	8,618		1,027			69,370
92400 Tenant Services - Other	13,851	19,899	20,047	7,432	11,522	4,507	4,313	27,937	2,502	5,947	6,325	2,737		20			127,039
92500 Total Tenant Services	79,820	19,899	52,401	7,432	11,522	5,327	4,861	90,631	19,016	5,947	25,060	38,658	-	3,914	-	-	364,488
93100 Water	399,846	452,958	439,998	82,124	201,274	33,908	21,112	99,236	3,523	14,022	38,040	6,785		1,759	3,522		1,798,107
93200 Electricity	626,646	648,859	761,097	286,745	724,153	151,239	92,023	463,916	11,145	20,181	212,601	27,026		1,487			4,027,118
93300 Gas	284,041	280,168	85,082	1,979	4,112	1,560		8,537		569	11,428	3,783					681,259
93400 Fuel																	
93500 Labor																	
93600 Sewer																	
93700 Employee Benefit Contributions - Utilities																	
93800 Other Utilities Expense																	
93000 Total Utilities	1,310,533	1,381,985	1,286,177	370,848	929,539	186,707	113,135	571,689	14,668	34,772	262,069	37,594	-	3,246	3,522	-	6,506,484
94100 Ordinary Maintenance and Operations - Labor	556,082	557,408	316,049	115,873	273,502	83,832	60,086	345,452	52,489	405,296	91,699	71,494		22,616			2,951,878
94200 Ordinary Maintenance and Operations - Materials and	262,852	362,759	181,478	50,139	158,907	67,533	29,025	473,336	35,267	216,601	62,150	41,127		14,847	137,131		2,093,152
94300 Ordinary Maintenance and Operations Contracts	835,811	840,128	815,343	79,550	312,911	131,028	52,271	630,884	94,798	405,058	234,714	114,635	-	102,238	54,524		4,703,893
94500 Employee Benefit Contributions - Ordinary Maintenance	204,549	205,219	127,866	46,718	133,953	29,885	27,906	162,899	24,046	149,806	37,046	28,858		8,336			1,187,087
94000 Total Maintenance	1,859,294	1,965,514	1,440,736	292,280	879,273	312,278	169,288	1,612,571	206,600	1,176,761	425,609	256,114	-	148,037	191,655	-	10,936,010

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

Submission Type: Audited/Single Audit

Fiscal Year End: 9/30/2017

	TN005000001	TN005000002	TN005000003	TN005000004	TN005000005	TN005000006	TN005000007	TN005000008	TN005000009	TN005000010	TN005000011	TN005000012	TN005000013	TN005000014	TN005000016	OTHER PROJ	Total
95100 Protective Services - Labor																	
95200 Protective Services - Other Contract Costs	112,323	162,733	137,003	34,510	69,383	33,057	32,879	138,114	23,600	16,011	67,944	17,455		3,164	7,831		856,007
95300 Protective Services - Other																	
95500 Employee Benefit Contributions - Protective Services																	
95000 Total Protective Services	112,323	162,733	137,003	34,510	69,383	33,057	32,879	138,114	23,600	16,011	67,944	17,455	-	3,164	7,831	-	856,007
96110 Property Insurance	35,430	36,337	26,002	16,641	17,476	10,407	13,042	32,546	5,859	16,518	14,232			1,740			226,230
96120 Liability Insurance	16,798	18,762	12,631	8,587	8,501	4,991	4,607	10,782	2,873	8,387	2,899			912			100,730
96130 Workmen's Compensation	12,002	14,955	8,252	3,969	8,817	2,184	2,877	8,368	1,681	9,963	2,566	2,636		578			78,848
96140 All Other Insurance	2,568	2,304	2,068	1,445	839	725	515	1,387	372	3,290	534			40			16,087
96100 Total insurance Premiums	66,798	72,358	48,953	30,642	35,633	18,307	21,041	53,083	10,785	38,158	20,231	2,636	-	3,270	-	-	421,895
96200 Other General Expenses	1,900	1,900	2,350						196,720	20,459		70,800	704,727		13	40,715	1,039,584
96210 Compensated Absences	(53,653)	5,637	17,323		9,297			9,153		(2,813)	1,356	2,614		3,759	2,867		(4,460)
96300 Payments in Lieu of Taxes	35,800	41,050	27,800		15,700			25,100			7,350	6,800		2,000	3,500		165,100
96400 Bad debt - Tenant Rents	92,678	96,846	88,235	(8,720)	15,462	6,164	5,679	9,204	(5,622)	54,989	7,925	(1,953)		8,964	3,332		373,183
96500 Bad debt - Mortgages																	
96600 Bad debt - Other																	
96800 Severance Expense																	
96000 Total Other General Expenses	76,725	145,433	135,708	(8,720)	40,459	6,164	5,679	43,457	191,098	72,635	16,631	78,261	704,727	14,723	9,712	40,715	1,573,407
96710 Interest of Mortgage (or Bonds) Payable																	
96720 Interest on Notes Payable (Short and Long Term)																	
96730 Amortization of Bond Issue Costs																	
96700 Total Interest Expense and Amortization Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
96900 Total Operating Expenses	5,350,632	5,175,341	4,022,953	999,661	2,645,556	763,779	508,940	3,234,908	611,886	1,889,178	1,062,277	613,118	704,727	240,031	275,352	40,776	28,139,113
97000 Excess of Operating Revenue over Operating Expenses	1,219,694	1,742,155	759,115	6,528,260	1,845,608	1,197,727	811,373	399,669	862,370	2,703,176	385,934	607,283	-	128,606	5,345,677	20,515	24,557,162
97100 Extraordinary Maintenance																	
97200 Casualty Losses - Non-capitalized																	
97300 Housing Assistance Payments									188,551								188,551
97350 HAP Portability-In																	
97400 Depreciation Expense	290,534	1,019,091	622,626	320,671	193,055	452,256	412,046	1,290,098	313,029	901,763	497,054	171,806		195,688	23,777		6,703,494
97500 Fraud Losses																	
97600 Capital Outlays - Governmental Funds																	
97700 Debt Principal Payment - Governmental Funds																	
97800 Dwelling Units Rent Expense																	
90000 Total Expenses	5,641,166	6,194,432	4,645,579	1,320,332	2,838,611	1,216,035	920,986	4,525,004	1,113,466	2,790,941	1,559,331	784,924	704,727	435,719	299,129	40,776	35,031,158
10010 Operating Transfer In																	
10020 Operating transfer Out																	
10030 Operating Transfers from/to Primary Government																	
10040 Operating Transfers from/to Component Unit												6,402,372				(13,723,290)	(7,320,918)
10050 Proceeds from Notes, Loans and Bonds																	
10060 Proceeds from Property Sales																	
10070 Extraordinary Items, Net Gain/Loss																	
10080 Special Items (Net Gain/Loss)												(615,644)				2,615,900	2,000,256
10091 Inter Project Excess Cash Transfer In															127,618		127,618
10092 Inter Project Excess Cash Transfer Out	(127,618)																(127,618)
10093 Transfers between Program and Project - In	143,389	150,000	100,000	4,931,486	329,194	915,335	415,920	600,000	675,165	200,000	200,000			100,000			8,760,489
10094 Transfers between Project and Program - Out	(143,389)	(150,000)	(100,000)	(6,375,004)	(1,412,046)	(1,337,573)	(1,120,351)	(600,000)	(1,828,466)	(200,000)	(200,000)			(100,000)			(13,566,829)
10100 Total Other financing Sources (Uses)	(127,618)	-	-	(1,443,518)	(1,082,852)	(422,238)	(704,431)	-	(1,153,301)	-	-	5,786,728	-	-	127,618	(11,107,390)	(10,127,002)
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	801,542	723,064	136,489	4,764,071	569,701	323,233	(305,104)	(890,429)	(792,511)	1,801,413	(111,120)	6,222,205	-	(67,082)	5,449,518	(11,086,875)	7,538,115
11020 Required Annual Debt Principal Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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

	Submission Type: Audited/Single Audit															Fiscal Year End: 9/30/2017	
	TN005000001	TN005000002	TN005000003	TN005000004	TN005000005	TN005000006	TN005000007	TN005000008	TN005000009	TN005000010	TN005000011	TN005000012	TN005000013	TN005000014	TN005000016	OTHER PROJ	Total
11030 Beginning Equity	11,825,136	24,482,985	12,753,212	35,046,274	13,315,189	12,169,777	15,250,369	18,936,811	11,904,244	18,257,365	8,203,876	-	-	8,703,289	-	31,962,528	222,811,055
11040 Prior Period Adjustments, Equity Transfers and Correction	(4,021,850)	2,828,749		(39,810,345)	(8,375,059)	(12,493,010)	(14,945,265)	1,661,950	(11,111,733)	(17,154)					6,496,996		(79,786,721)
11050 Changes in Compensated Absence Balance																	
11060 Changes in Contingent Liability Balance																	
11070 Changes in Unrecognized Pension Transition Liability																	
11080 Changes in Special Term/Severance Benefits Liability																	
11090 Changes in Allowance for Doubtful Accounts - Dwelling																	
11100 Changes in Allowance for Doubtful Accounts - Other																	
11170 Administrative Fee Equity																	
11180 Housing Assistance Payments Equity																	
11190 Unit Months Available	8,556	9,810	6,660	2,420	4,660	1,540	1,261	6,024	1,000	4,232	1,764	1,224	3,288	480	140		53,059
11210 Number of Unit Months Leased	8,202	9,476	6,549	2,398	4,607	1,533	1,259	6,000	978	4,183	1,753	1,222	3,231	462	23	-	51,876
11270 Excess Cash	4,674,069	9,622,133	3,191,745	(83,305)	4,176,246	(63,648)	(42,411)	3,093,796	(50,990)	1,886,639	1,205,714	179,486	-	566,820	7,387	(1,383,847)	26,979,834
11610 Land Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11620 Building Purchases	-	-	-	-	-	-	-	-	-	2,011,279	-	-	-	-	5,431,469	-	7,442,748
11630 Furniture & Equipment - Dwelling Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11640 Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11650 Leasehold Improvements Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11660 Infrastructure Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13510 CFFP Debt Service Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13901 Replacement Housing Factor Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-