

**METROPOLITAN DEVELOPMENT  
AND HOUSING AGENCY  
NASHVILLE, TENNESSEE  
ANNUAL FINANCIAL REPORT  
AND OTHER FINANCIAL INFORMATION  
SEPTEMBER 30, 2009**

# METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

## Table of Contents

INTRODUCTION .....	1
INDEPENDENT AUDITORS' REPORT .....	2 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS .....	4 - 8
FINANCIAL STATEMENTS	
Statement of Net Assets .....	9 - 10
Statement of Revenues, Expenses and Changes in Net Assets .....	11
Statement of Cash Flows .....	12 - 13
Notes to Financial Statements .....	14 - 31
ADDITIONAL INFORMATION	
Schedule of Expenditures of Federal Awards .....	32 - 36
Schedule of Actual Costs for the Specified Project from Inception of the Project Through Completion .....	37
OTHER REPORTS	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i> .....	38 - 39
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 .....	40 - 41
Schedule of Findings and Questioned Costs .....	42 - 45
Summary Schedule of Prior Audit Findings .....	46
Independent Accountants' Report on Applying Agreed-upon Procedure .....	47 and 48
Financial Data Schedule .....	49 - 66

## METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

### INTRODUCTION

The Metropolitan Development and Housing Agency ("MDHA" or the "Agency") is pleased to present its Annual Financial Report and Other Financial Information for the year ended September 30, 2009.

#### **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 MDHA's internal financial staff. McCauley, Nicolas & Company, LLC, our external auditors, also consider certain elements of the internal control system in order to determine their 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, 2009, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

#### **Audit Assurance**

The unqualified opinion of our independent external auditors, McCauley, Nicolas & Company, LLC, on the September 30, 2009 financial statements is included in this report.

INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Metropolitan Development and Housing Agency  
Nashville, Tennessee

We have audited the accompanying statement of net assets of the Metropolitan Development and Housing Agency (the "Agency"), a component unit of the Metropolitan Government of Nashville and Davidson County, Tennessee, as of September 30, 2009, and the related statement of revenues, expenses and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Metropolitan Development and Housing Agency as of September 30, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2010 on our consideration of the Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audits.

702 North Shore Drive, Suite 500    Jeffersonville, IN 47130-3104    812-288-6621    fax 812-288-2885    [www.mnccpa.com](http://www.mnccpa.com)

Kenneth N. Nicolas, CPA    Ronald F. Barnes, CPA, PFS    Lee E. Pieper, CPA    J. Patrick Byrne, CPA  
John C. Pieper, CPA    Daniel K. McCauley, CPA, ABV    J. Michael Grinnan, CPA    Kenneth W. Coyle, CPA    R. Kenneth Adams, CPA

MEMBER

PKF North American Network    American Institute of CPAs    AICPA PCPS Division    Indiana CPA Society    Kentucky Society of CPAs

Management's Discussion and Analysis on pages 4 through 8 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Metropolitan Development and Housing Agency taken as a whole. The accompanying schedule of expenditures of federal awards, pages 32-36, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the schedule of actual costs for the specified project from inception through completion on page 37, as required by the U.S. Department of Housing and Urban Development are presented for purposes of additional analysis and are not required parts of the basic financial statements. Additionally, the accompanying Financial Data Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*McCauley, Nicolas & Company, LLC*

McCauley, Nicolas & Company, LLC  
Certified Public Accountants

Jeffersonville, Indiana  
February 1, 2010

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Metropolitan Development and Housing Agency's ("MDHA" or the "Agency") annual financial report presents our discussion and analysis of the Agency's financial performance during the fiscal year ended September 30, 2009. Please read this analysis in conjunction with the Agency's financial statements and accompanying notes.

### FINANCIAL HIGHLIGHTS

The Agency's total net assets increased \$1.2 million or less than 1%, in part as a result of the following:

- Cash and Investments decreased \$3.4 million (-6%)
- Bonds, Notes and Other Liabilities decreased \$600,000 (-2%)
- Operating Revenues increased \$16.9 million (17%)
- Operating Expenses increased \$19.6 million (19%)
- Operating Loss increased \$2.6 million (71%)
- Governmental Capital Contributions decreased \$4.5 million (-38%)

### 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 assets, statement of revenues, expenses and changes in net assets, statement of cash flows and notes to the financial statements. The statement of net assets provides a record or snapshot of the assets and liabilities at the close of the fiscal year. The statement of revenues, expenses and changes in net assets 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 Assets**

*Fiscal year 2009 as compared to fiscal year 2008*

	2009	2008	% Increase (Decrease)
Current Assets	\$ 65,652,970	\$ 68,206,792	(4) %
Noncurrent Assets			
Capital Assets	221,641,343	217,924,780	2 %
Other Assets	36,300,086	36,881,575	(2) %
Total Assets	<u>\$ 323,594,399</u>	<u>\$ 323,013,147</u>	- %
 Bonds and Notes Payable	 \$ 16,665,224	 \$ 16,773,648	 (1) %
Other Liabilities	19,636,561	20,168,580	(3) %
Total Liabilities	<u>\$ 36,301,785</u>	<u>\$ 36,942,228</u>	(2) %
 Net Assets Invested in Capital Assets	 \$ 205,045,816	 \$ 201,151,132	 2 %
Net Assets Restricted for Other Purposes	2,651,926	7,316,413	(64) %
Unrestricted Net Assets	79,594,872	77,603,374	3 %
Total Net Assets	<u>\$ 287,292,614</u>	<u>\$ 286,070,919</u>	- %

The Agency's total net assets increased \$1.2 million, or less than 1%, in part as a result of the following:

- Capital asset additions, consisting principally of the Capital Fund projects, Energy performance bond projects, and operating reserve projects totaling \$15 million during the year.
- Decrease in net assets of \$11.1 million resulting from depreciation expense for capital assets.
- Decrease of \$4.3 in net assets restricted for other purposes of the Housing Choice Voucher program due to the reduction of HUD revenue to facilitate the spending down of Agency reserves on hand for housing assistance payments.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL ANALYSIS OF THE AGENCY (CONTINUED)

**Revenues, Expenses and Changes in Net Assets**

*Fiscal year 2009 as compared to fiscal year 2008.*

	2009	2008	% Increase (Decrease)
Operating Revenues			
Rentals	\$ 10,105,037	\$ 9,819,650	3 %
Governmental Operating Revenue	79,055,875	73,130,530	8 %
Local Government Development Activities	22,700,168	12,784,715	78 %
Other	4,276,924	3,456,341	24 %
Total Operating Revenues	116,138,004	99,191,236	17 %
Operating Expenses:			
Administrative expenses	17,129,930	14,926,897	15 %
Other	105,318,351	87,944,935	20 %
Total Operating Expenses	122,448,281	102,871,832	19 %
Operating Loss	(6,310,277)	(3,680,596)	71 %
Capital Contributions	7,248,296	11,731,840	(38) %
Nonoperating Revenues	283,676	331,706	(14) %
Total Nonoperating Revenues	7,531,972	12,063,546	(38) %
Change in Net Assets	\$ 1,221,695	\$ 8,382,950	(85) %

The increase in local government development activities revenue and administrative and other operating expenses is due to memorandums of understanding with Metropolitan Government of Nashville and Davidson County for predevelopment of the Music City Center, Riverfront Development Project and Homelessness Commission. The increase in rental revenue is due to new units leased at J. Henry Hale Apartments and Parkway Terrace during the year. Other operating revenue increased due to the recognition of working capital held on behalf of an MDHA affiliate. The funds allocated to Preston Taylor Homes LLC, at the onset of asset management, were reallocated to other Agency Asset Management Properties (AMP) during the year.

The decrease in capital contributions is a result of the J. Henry Hale HOPE VI substantial completion in 2008. The HOPE VI grant close out date was March 31, 2009.



## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### CAPITAL ASSETS

*Fiscal year 2009 as compared to fiscal year 2008.*

	2009	2008	% Increase (Decrease)
Land	\$ 49,816,237	\$ 48,831,993	2 %
Infrastructure	21,155,548	20,657,288	2 %
Buildings	240,908,922	240,101,749	0 %
Equipment	4,382,471	4,429,520	(1) %
Construction in progress	24,420,875	25,437,492	(4) %
Total	340,684,053	339,458,042	0 %
Less Accumulated Depreciation	(119,042,710)	(121,533,262)	(2) %
Net Capital Assets	<u>\$ 221,641,343</u>	<u>\$ 217,924,780</u>	2 %

Capital assets increased \$3.7 million, or 2% during fiscal year 2009. During fiscal year 2009, the Agency expended \$15 million on capital activities. This included \$3.9 million for energy conservation with the HUD approved extension of the Energy Performance financing program, \$1.3 million in Asset Management Property improvements using operating funds on hand, \$775,000 for the Rolling Mill Hill project, and \$440,000 for site work at the Woods of Monticello subdivision. Also included in additions to capital assets is modernization work performed for \$2.6 million at Parkway Terrace, \$1.9 million at Napier Place, \$1.5 at Gernert Studio Apartments, \$850,000 at Parthenon Towers, and \$195,000 at Edgefield Manor.

Capital asset acquisitions are capitalized at cost. Acquisitions are funded from federal grants and operating subsidy.

Depreciation expense on capital assets totaled \$11.1 million during fiscal year 2009.

### DEBT ADMINISTRATION

*Fiscal year 2009 as compared to fiscal year 2008:*

	2009	2008	% Increase (Decrease)
Bonds Payable	\$ -	\$ 2,685,490	(100) %
Notes Payable - other	16,665,224	14,088,158	18 %
Total Bonds and Notes Payable	<u>\$ 16,665,224</u>	<u>\$ 16,773,648</u>	(1) %

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

At September 30, 2009, the Agency's note principal and interest outstanding totaled \$16.7 million - a decrease of 1% from the prior year. The Series 2003 Refunding Revenue Bonds were repaid in 2009. With HUD approval, the Agency extended the Energy Performance project during 2009. Proceeds totaling \$2.1 million from the tax-exempt municipal lease purchase financing contract entered into in July, 2009 was used to purchase and install energy efficient equipment in subsidized units. A line of credit with a financial institution was established in July, 2009 for the land acquisition and related predevelopment activities for the Music City Center with a balance of \$205,500 as of September 30, 2009. The notes payable also includes a promissory note secured by 76 (3-bedroom) apartments; a promissory note secured by the Levy Place Apartments; a promissory note secured by the J. Henry Hale Apartments; and a line of credit with the Metropolitan Government of Nashville and Davidson County for the Rolling Mill Hill project secured by the property sales proceeds and an assignment of rents and leases from the property. The Agency's promissory note secured by property for the downtown energy system was repaid during the 2008 fiscal year.

### NEW BUSINESS

The Agency entered into an Intergovernmental Project Agreement between Metropolitan Government of Nashville and Davidson County and the Convention Center Authority (CCA); which provides for the reimbursement of the debt incurred by the Agency to acquire properties for the Music City Center project and in turn convey them to the CCA. The Agency will transfer and assign all the rights and contracts entered into in the predevelopment of the Music City Center to the CCA.

Financial commitments have been obtained from the Tennessee Housing Development Agency and the Bank of Tennessee to proceed with the development of Nance Place Apartments, L.P. The closing is anticipated by the end of December 2009. The MDHA Housing Trust Corporation is the sole shareholder in MDHA Nance Place Incorporated, MDHA Nance Place Incorporated is the general partner of Nance Place Apartments, L.P. The board authorized the execution of a Development Agreement, Reimbursement and Assignment Agreement, as well as a long-term lease between the Agency and Nance Place Apartments, L.P.

### CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our 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 ASSETS

SEPTEMBER 30, 2009

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	12,702,230
Restricted cash and cash equivalents		4,024,887
Investments		33,286,289
Restricted investments		2,416,742
Receivables:		
Tenant, net of allowances		89,337
Amounts due from other governmental agencies		6,283,430
Current portion of notes receivable, net of allowances		566,478
Interest on investments		150,606
Other		158,489
Inventory		5,516,182
Prepaid expenses		458,300

TOTAL CURRENT ASSETS 65,652,970

CAPITAL ASSETS, NET 221,641,343

NONCURRENT ASSETS

Investments, equity method	510,036
Notes receivable, net of allowances	34,638,916
Other assets	<u>1,151,134</u>

TOTAL NONCURRENT ASSETS 36,300,086

TOTAL ASSETS \$ 323,594,399

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

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

STATEMENT OF NET ASSETS (CONTINUED)

SEPTEMBER 30, 2009

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Funds held for others	\$	3,624,020
Accounts payable		5,552,912
Contract retention payable		83,344
Compensated absences payable		574,550
Accrued liabilities		609,620
Due to tenants		976,817
Deferred revenue		98,899
Due to other governments		5,765,543
Current portion of long-term debt		<u>10,720,555</u>

TOTAL CURRENT LIABILITIES 28,006,260

NONCURRENT LIABILITIES

Deposits		313,819
Long-term debt, less current maturities		5,944,669
Long-term compensated absences payable		<u>2,037,037</u>

TOTAL NONCURRENT LIABILITIES 8,295,525

TOTAL LIABILITIES 36,301,785

NET ASSETS

Invested in capital assets, net of related debt		205,045,816
Restricted for other purposes		2,651,926
Unrestricted		<u>79,594,872</u>

TOTAL NET ASSETS 287,292,614

TOTAL LIABILITIES AND NET ASSETS \$ 323,594,399

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

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED SEPTEMBER 30, 2009

OPERATING REVENUES	
Rentals	\$ 10,105,037
Governmental operating revenue	79,055,875
Program income	336,106
Local government development activities	22,700,168
Other income	3,927,651
Contributions	<u>13,167</u>
 TOTAL OPERATING REVENUES	 <u>116,138,004</u>
 OPERATING EXPENSES	
Cost of Services:	
Tenant services	1,074,330
Utilities	7,862,929
Ordinary maintenance and operations	14,091,142
Protective services	961,348
Insurance premiums	741,388
Other general expenses	33,437,244
Housing assistance payments	36,161,700
Administration	16,967,837
Depreciation	<u>11,150,363</u>
 TOTAL OPERATING EXPENSES	 <u>122,448,281</u>
 OPERATING LOSS	 <u>(6,310,277)</u>
 NONOPERATING REVENUES (EXPENSES)	
Interest income	1,150,700
Impairment allowance on notes receivable	(264,756)
Loss on disposition of assets	(183,616)
Interest expense	<u>(418,652)</u>
 TOTAL NONOPERATING REVENUES - NET	 <u>283,676</u>
 DECREASE IN NET ASSETS BEFORE CAPITAL CONTRIBUTIONS	 (6,026,601)
 Capital Contributions	 <u>7,248,296</u>
 INCREASE IN NET ASSETS	 1,221,695
 NET ASSETS - BEGINNING OF YEAR	 <u>286,070,919</u>
 NET ASSETS - END OF YEAR	 <u>\$ 287,292,614</u>

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

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from rental operations	\$ 10,184,363
Receipts from program income	413,696
Receipts from government subsidy for operations	76,158,312
Receipts from local governmental development activities	24,319,420
Receipts from other	3,986,475
Receipts from contributions	13,167
Payments for inventory purchases	(14,764)
Payments to and on behalf of employees	(19,850,948)
Payments for other administrative expenses	(4,260,181)
Payments for other direct program costs, including housing assistance payments	(88,303,793)
Program loan activities:	
Cash expended for program loans	(359,240)
Principal collections on notes receivable	716,033
Interest income collections	<u>123,750</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>3,126,290</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Receipts from governmental capital grants	7,544,783
Purchases of capital assets	(15,050,543)
Proceeds from capital debt	2,715,344
Principal paid on capital debt	(2,878,279)
Interest paid on capital debt	<u>(314,824)</u>
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>\$ (7,983,519)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of investments	\$ (73,045,135)
Proceeds from the sales and maturities of investments	84,947,195
Interest received	<u>1,474,015</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>13,376,075</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,518,846
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>8,208,271</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 16,727,117</u>

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

MEIROPOLITAN DEVELOPMENT AND HOUSING AGENCY

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED SEPTEMBER 30, 2009

RECONCILIATION OF OPERATING LOSS TO NET CASH  
PROVIDED BY OPERATING ACTIVITIES

Operating loss	\$ (6,310,277)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation expense	11,150,363
Bad debt expense	693,633
Changes in assets and liabilities:	
Increase in accounts receivable	(1,765,234)
Increase in inventories	(374,764)
Increase in prepaid expenses and other assets	(92,206)
Increase in due to tenants	57,755
Decrease in accounts payable and amounts due to other governments	(766,827)
Increase in deferred revenue and other deposits	86,754
Increase in accrued liabilities and compensated absences	90,301
Program loan activities:	
Cash expended for program loans	(359,240)
Principal collections on notes receivable	716,032
TOTAL ADJUSTMENTS	9,436,567
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 3,126,290

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

# METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

### 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.

### 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 and only applicable Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) pronouncements issued on or after November 30, 1989 that do not contradict GASB pronouncements in the preparation of the financial statements.

The Agency distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from grant agreements and providing services and producing and delivering goods in connection with the principal ongoing 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. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

#### Reporting entity

As described in GASB Statement No. 34, paragraph 134, the Agency 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)

SEPTEMBER 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Fund Types

CONVENTIONAL LOW RENT HOUSING PROGRAM

This fund is used to account for all of 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 vouchers 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 the 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 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.

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 accounts receivable which is based on historical experience, coupled with a review of the status of existing receivables. An allowance for doubtful accounts of \$1,614,912 for tenant accounts receivable has been provided by management at September 30, 2009.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments consist primarily of certificates of deposit and are stated at cost, which is fair value given the nature of the investments. The accrued interest on the investments is included in receivables in the statement of net assets.

Capital assets

Capital assets include property, plant, equipment, and infrastructure assets (e.g. roads, sidewalks, and similar items), 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

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. Additionally, the Agency holds certain properties under agreements with the Metropolitan Government. Under the agreements, the proceeds from sale of such properties revert to the Metropolitan Government. The properties are recorded in inventory at fair value at the date of transfer with a corresponding liability recorded for the expected amount owed to the Metropolitan Government upon sale.

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. The allowance for uncollectible notes is established by charges to program services expense and is maintained at an amount which management believes adequate to absorb losses on existing notes. Uncollectible notes are charged to the allowance account in the period such determination is made. The provision for uncollectible notes receivable was \$823,449 at September 30, 2009.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2009

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 their 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, if any, 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 are to be used for purposes specified under the Housing Choice Voucher or Family Self Sufficiency programs. When restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE 3 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

In March 2003, the GASB issued Statement No. 40 "Deposits and Investment Risk Disclosures," which is effective for periods beginning after June 15, 2004. Risk disclosures in previous financial statements (under the provisions of GASB Statement No. 3) focused only on custodial credit risk. GASB Statement No. 40 not only addresses custodial credit risk but other common areas of investment risk as well, including interest rate risk, credit risk, and concentration of credit risk.

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)

SEPTEMBER 30, 2009

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 denominated in United States currency.

The carrying amount of cash and cash equivalents at September 30, 2009 totaled \$16,727,117 and the corresponding bank balance was \$16,818,460, respectively. The difference between the carrying amounts of cash and cash equivalents and the corresponding bank balances is due primarily to checks outstanding at September 30, 2009. The entire balance of cash and cash equivalents was 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.

Included in cash and cash equivalents at September 30, 2009, were \$3,519,375, which is 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. The amounts managed under the MOU are presented as restricted cash and cash equivalents in the accompanying statements of net assets as of September 30, 2009.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2009

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

Deposit and Investment Policy

MDHA's deposit and investment policy is governed by the laws of the State of Tennessee and the Department of Housing and Urban Development 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, 2009, 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 their 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 their 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*.

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. More than 5% of the Agency's investments are held by Pinnacle Bank, Fifth-Third Bank, and Citizens Bank. These investments consist of certificates of deposit and are 28%, 60%, and 12% respectively, of the Agency's total investments at September 30, 2009.

The Agency maintains certain deposits for participants of the HUD Family Self-Sufficiency program. These funds totaled \$295,500 at September 30, 2009 and were included in restricted investments in the accompanying statements of net assets. Also included in restricted investments at September 30, 2009 is \$2,121,242, representing excess Section 8 restricted housing assistance funds under the Housing Choice Voucher program.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2009

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

At September 30, 2009, the future maturities of MDHA's investments are as follows:

Type of Investment	Carrying Amount	Maturity Fiscal 2010	Not Subject to Maturity
Certificates of Deposit	\$ 35,703,031	\$ 16,394,881	\$ -
Investment in Park at Hillside, LLC	510,036	-	510,036
<b>TOTAL</b>	<b>\$ 36,213,067</b>	<b>\$ 16,394,881</b>	<b>\$ 510,036</b>

NOTE 4 - FAIR VALUE MEASUREMENT

The financial statements reflect the adoption of Statement on Financial Accounting Standards No. 157 (SFAS No. 157), Fair Value Measurements. SFAS No. 157 established a single authoritative definition of fair value, sets a framework for measuring fair value, and requires additional disclosures about fair value measurement.

In accordance with SFAS 157, fair value is defined as the price that the Agency would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market of the investment. SFAS 157 established a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs, and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

Level 1 -- Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities that are traded in an active exchange market.

Level 2 -- Observable inputs other than Level 1 prices such as quoted prices in active markets for similar assets or liabilities; quoted prices for identical or similar assets or liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments as well as debt securities and derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2009

NOTE 4 – FAIR VALUE MEASUREMENT (CONTINUED)

Level 3 – Unobservable inputs that are supported by little or no market activity and are significant to the fair value of assets or liabilities. Level 3 includes assets and liabilities whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques reflecting the Agency's assumptions as to how knowledgeable parties would price assets or liabilities that are not corroborated by market data.

Fair values of financial assets measured on a recurring basis at September 30, 2009 consisted of the following:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of Deposit	\$ 35,703,031	\$ 35,703,031	\$ -	\$ -
Investment in Park at Hillside, LLC	510,036	-	-	510,036
	<u>\$ 36,213,067</u>	<u>\$ 35,703,031</u>	<u>\$ -</u>	<u>\$ 510,036</u>

At September 30, 2009, included above under Level 3 is the investment in a partnership. Changes in the fair value of the Agency's level 3 Investment in Park at Hillside, LLC during the year were as follows:

	<u>Investment In Partnership</u>
Balance at September 30, 2008	\$ 510,219
Net Loss	(183)
Balance at September 30, 2009	<u>\$ 510,036</u>

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2009

NOTE 5 – CAPITAL ASSETS

A summary of changes in capital assets for the year ended September 30, 2009 follows:

	Balance September 30, 2008	Additions	Retirements	Transfers	Balance September 30, 2009
Capital assets, not being depreciated:					
Land	\$ 48,831,993	\$ 538,332	\$ (21,400)	\$ 467,312	\$ 49,816,237
Construction in progress	25,437,492	14,288,652	-	(15,305,269)	24,420,875
Total capital assets, not being depreciated	74,269,485	14,826,984	(21,400)	(14,837,957)	74,237,112
Capital assets, being depreciated:					
Buildings	240,101,749	116,806	(13,637,837)	14,328,204	240,908,922
Infrastructure	20,657,288	-	-	498,260	21,155,548
Furniture, equipment, & machinery - dwellings	2,657,149	81,232	(46,532)	-	2,691,849
Furniture, equipment, & machinery - administrative	1,772,371	25,520	(118,762)	11,493	1,690,622
Total capital assets, being depreciated	265,188,557	223,558	(13,803,131)	14,837,957	266,446,941
Less accumulated depreciation for:					
Buildings	(107,963,898)	(9,989,102)	13,475,621	-	(104,477,379)
Infrastructure	(9,849,180)	(899,794)	-	-	(10,748,974)
Furniture, equipment, & machinery - dwellings	(2,181,653)	(157,660)	46,532	-	(2,292,781)
Furniture, equipment, & machinery - administrative	(1,538,531)	(103,807)	118,762	-	(1,523,576)
Total accumulated depreciation	(121,533,262)	(11,150,363)	13,640,915	-	(119,042,710)
Total capital assets, being depreciated, net	143,655,295	(10,926,805)	(162,216)	14,837,957	147,404,231
Total capital assets, net	\$ 217,924,780	\$ 3,900,179	\$ (183,616)	\$ -	\$ 221,641,343



METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2009

NOTE 6 - NOTES RECEIVABLE

Notes receivable, including related accrued interest, consisted of the following as of September 30, 2009:

Vine Hill Homes Loans	\$ 11,107,390
Preston Taylor Homes Loans - Phase I	12,968,700
Preston Taylor Homes Loans - Phase II	7,742,341
Rehabilitation Loans	3,792,410
Business District Loans	65,080
Façade Loans	214,861
Other	138,061
Allowance for doubtful accounts	<u>(823,449)</u>

Net notes receivable and accrued interest receivable	<u>\$ 35,205,394</u>
--	----------------------

*Vine Hill Homes Loans* were made to Vine Hill Homes, LLC for the construction and development of the Vine Hill project. The loans are funded by various federal and state grant programs, including HOPE VI, Comprehensive Grant, UDAG repayment funds, Refunding Agreement and the State of Tennessee House grant funds. The nonrecourse loans are secured by a leasehold deed of trust. Loans made from the UDAG repayment funds and the Refunding Agreement, totaling \$942,000, accrued interest at the rate of 10.8% per annum. These loans were repaid from the sale of federal low-income housing tax credits in November 2005. (See Note 13.) The loan funded from the State of Tennessee House grant funds, in the amount of \$250,000, is non-interest bearing and payable in thirty years. The remaining loans accrue interest at the rate of 1.5% 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. The notes mature in November 2028. Under a certain Purchase Option Agreement entered into by MDHA and Vine Hill Homes, LLC, subsequent to the Tax Credit Compliance Period, on the maturity date, MDHA has the right of first refusal to acquire the Vine Hill project at the greater of the total outstanding debt on the property or the fair market value of the property. An appraisal of the property was conducted during fiscal year 2007, and based upon the market value assessed by the report, an impairment allowance was recorded totaling \$1,288,533 as of September 30, 2009. Impairment expense for fiscal year 2009 totaled \$264,756.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2009

NOTE 6 - NOTES RECEIVABLE (CONTINUED)

*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 .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. 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, 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. An appraisal of the property was conducted during fiscal year 2007, and based upon the market value assessed by the report, an impairment allowance was not necessary. No impairment allowance was deemed necessary for fiscal year 2009.

*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. 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, 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. An appraisal of the property was conducted during fiscal year 2007, and based upon the market value assessed by the report, an impairment allowance was not necessary. No impairment allowance was deemed necessary for fiscal year 2009.

*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. 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.

*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.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2009

NOTE 6 - NOTES RECEIVABLE (CONTINUED)

*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.

*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

NOTE 7 - LONG-TERM DEBT

A summary of changes in MDHA's long-term debt for the year ended September 30, 2009 is presented below:

	Balance October 1, 2008	Additions	Retirements	Amortization of Deferred Loss on Refunding	Balance September 30, 2009	Due within one year
Revenue Bonds	\$ 2,740,000	\$ -	\$ (2,740,000)	\$ -	\$ -	\$ -
Deferred Loss on Refunding	(54,510)	-	-	54,510	-	-
Revenue Bonds, net	2,685,490	-	(2,740,000)	54,510	-	-
Notes Payable - other	14,088,158	2,715,345	(138,279)	-	16,665,224	10,720,555
<b>TOTAL</b>	<b>\$ 16,773,648</b>	<b>\$ 2,715,345</b>	<b>\$ (2,878,279)</b>	<b>\$ 54,510</b>	<b>\$ 16,665,224</b>	<b>\$ 10,720,555</b>

During December 2003, MDHA issued Series 2003 Low-Rent Housing Refunding Revenue Bonds for providing the funds needed to refund the outstanding Series 1998 Low-Rent Housing Refunding Revenue Bonds and pay certain expenses in connection with the issuance of the 2003 Bonds. During January 2004, the proceeds from the issuance of the 2003 Bonds were used to redeem the 1998 Bonds in their entirety. In order to redeem the Series 1998 Bonds, the Agency was required to pay a 5% call premium resulting in a loss on the refunding. The loss on refunding is deferred and netted with the outstanding principal of the Series 2003 Bonds. The deferred loss was amortized through the final payment date of the bonds on June 11, 2009.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2009

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Notes payable – other at September 30, 2009, consists of the following:

\$8,500,000 maximum revolving line of credit agreement with Metropolitan Government for the purpose of funding the Rolling Mill development. Interest on the outstanding principal is variable and is calculated at the same rate of interest earned by the Metropolitan Government on its idle funds (approximately .5% at September 30, 2009) in the Metro Investment Pool ("MIP"). The line of credit is collateralized by the development and funds committed or appropriated to MDHA by Metropolitan Government. The line of credit expires June 30, 2010 and can be extended upon mutual agreement of MDHA and the Metropolitan Government.

\$ 8,204,551

\$2,100,000 line of credit with Bank of America, with original maturity date of February 1, 2000, extended through February 1, 2002. On May 28, 2002, the loan was extended and converted to a \$1,700,000 promissory note, payable in monthly installments of principal and interest through May 28, 2007. On May 28, 2007, the loan was extended and converted to a \$1,400,000 promissory note, payable in monthly installments of principal and interest through May 28, 2012. Interest accrues at a rate of 5.25% per annum. The note is collateralized by a 76-unit apartment complex and assignment of rents and leases.

1,276,209

\$2,500,000 promissory note with Pinnacle National Bank, payable in monthly installments of principal and interest through July 16, 2014. Interest accrues at a tax-free rate of 5.8%. The note is collateralized by Sam Levy Homes (a 226-unit apartment complex) and assignment of rents and leases. The balance as of September 30, 2009 includes \$7,824 of accrued interest.

2,435,827

\$2,500,000 construction loan agreement with Suntrust Bank, originally dated December 29, 2005 for funding construction of the forty John Henry Hale Homes market rate apartments. On April 23, 2009, the loan was amended and converted to a \$2,500,000 promissory note, payable in monthly installments of principal and interest through June 29, 2012. Interest on the outstanding balance is variable based upon the 30-day LIBOR rate, plus 175 basis points (2.01% at September 30, 2009). The note is collateralized by J. Henry Hale Apartments (a 228-unit apartment complex) and assignments of rents and leases. The balance as of September 30, 2009 includes \$2,872 of accrued interest.

2,450,787

\$12,100,000 Tax-Exempt Municipal Lease Purchase Financing Contract with Pinnacle National Bank, dated July 2, 2009 with a fixed rate of 3.98% for the acquisition and installation of equipment necessary to implement the energy savings program. The interest will accrue for 13 months with no payment due. At the end of the 13 month period, August 2, 2010, the accrued interest will be capitalized and added to the original \$12,100,000 lease amount with 28 quarterly payments to follow. The contract is collateralized by equipment.

2,092,350

\$62,000,000 line of credit with First Tennessee Bank, dated July 30, 2009 for land acquisition and related pre-development activities for the Music City Center. The line of credit is interest only for 12 months. Interest is based on the 30-day LIBOR rate plus 150 basis points, but with a 3% minimum interest (3.00% at September 30, 2009) on this loan is paid by Metropolitan Government. The loan is secured by an assignment of the Convention Center tax revenues and a lien on the properties acquired. If the Convention Center bonds have not been issued by the end of the loan term, July 29, 2010, the loan would convert to a two-year mini-permanent loan with scheduled payments provided by the Convention Center tax revenues. All interest is being paid directly to First Tennessee Bank by Metropolitan Government of Nashville and Davidson County on behalf of the agency.

205,500

\$ 16,665,224

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2009

NOTE 7 - LONG-TERM DEBT (CONTINUED)

A schedule of principal maturities of long-term debt at September 30, 2009 is as follows:

Year Ending September 30, 2009

2010	\$ 10,720,555
2011	230,341
2012	3,390,174
2013	42,579
2014	2,281,575
Thereafter	<u>-</u>
Total	<u>\$ 16,665,224</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.

The Tax Increment Financing Loans, including related accrued interest payable, aggregated approximately \$60.5 million at September 30, 2009.

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, 2009, the Section 108 loans outstanding aggregated to approximately \$3.63 million.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2009

NOTE 9 - 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, 2009, settled claims have not exceeded this commercial insurance coverage.

NOTE 10 - 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. 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 their 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 are immediately vested in their voluntary contributions plus actual earnings. 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 their retirement savings into another qualifying plan or an IRA or leave the amount in the Plan. Early retirement may be elected by employees at age 55 who have at least ten years of service.

MDHA contributions to the Plan for the year ended September 30, 2009 amounted to \$1,822,971, which equaled the amount of required employer contributions. Employee voluntary contributions were \$156,312 in 2009. MDHA's payroll for employees covered by the Plan for the fiscal year ended September 30, 2009 was \$14,459,512. Total payroll for MDHA during the fiscal year ended September 30, 2009 amounted to \$15,627,527.

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 their 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 the Employer.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2009

NOTE 11 - 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, 2009 were \$111,193.

MDHA administers rental income under a certain ground lease for Metro Government accounted for as an operating lease. The lease has an initial term of thirty years and provides for an option to renew for seven successive ten-year periods. The lessee has a commitment to pay base rents totaling \$500,000 annually through 2016.

Future minimum lease payments to be received by MDHA under this lease are as follows:

<u>Year ending September 30, 2009</u>	
2010	\$ 500,000
2011	500,000
2012	500,000
2013	500,000
Thereafter	<u>1,125,000</u>
Total	<u>\$ 3,125,000</u>

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 \$108,841 for the year ended September 30, 2009.

NOTE 12 - 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, 2009.

At September 30, 2009, the Agency had outstanding construction commitments of approximately \$16.5 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.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2009

NOTE 12 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

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

NOTE 13 - AFFILIATE AGREEMENTS

MDHA has assisted in the financing of a new 152-unit multifamily residential development known as Vine Hill Homes (the "Project") in the form of loans to Vine Hill Homes, LLC. These loans were made in consideration of Vine Hill's construction of the Project, including 136 units to be used as public housing. The 136 units are eligible to receive the benefit of operating subsidies provided to MDHA by HUD. Additional funding for the development of Vine Hill came from the sale of federal low-income housing tax credits in the amount of approximately \$1,500,000. Proceeds from the sale of the tax credits were used to repay certain loans made by MDHA to Vine Hill. (See Note 6.)

The apartment project is managed by MDHA which is to receive a fee of 5% of the annual gross revenues of the Project with respect to the nonpublic housing units. Vine Hill has executed a ground lease agreement with MDHA, with various use restrictions and operating requirements, for a term of ninety-nine years. Upon expiration of the agreement, Vine Hill shall have an option to purchase the land for \$100, provided the development notes have been paid in full. (See Note 6.)

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 consists of the demolition of 300 units of housing on the north side of the Preston Taylor site and 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 consists of the demolition of 250 units of housing and new construction of 116 units, of which 104 shall be 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 is to receive 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.)

MDHA guarantees certain financial obligations of Vine Hill Homes, LLC and Preston Taylor Homes, LLC 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 being provided by MDHA.



METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2009

NOTE 14 - NET ASSETS

The Agency's net assets are categorized as follows:

- Invested in capital assets, net of related debt - This component of net assets 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 that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net assets - This component includes net assets that have been restricted for certain deposits and investments under grant programs.
- Unrestricted net assets - This component of net assets consist of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The changes in net assets for the year ended September 30, 2009 is as follows:

	<u>Invested in Capital Assets</u>	<u>Restricted</u>	<u>Unrestricted</u>	<u>Totals</u>
Net Assets - September 30, 2008	\$ 201,151,132	\$ 7,316,413	\$ 77,603,374	\$ 286,070,919
Change in net assets - 2009	<u>3,894,684</u>	<u>(4,664,487)</u>	<u>1,991,498</u>	<u>1,221,695</u>
Net Assets - September 30, 2009	<u>\$ 205,045,816</u>	<u>\$ 2,651,926</u>	<u>\$ 79,594,872</u>	<u>\$ 287,292,614</u>

NOTE 15—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. Management has determined that the application FIN 48 has no effect on its financial statements.

NOTE 16—MAJOR FUNDING SOURCE

The Agency is substantially funded by Federal awards. Management does not anticipate any material change in funding.

NOTE 17 – SUBSEQUENT EVENTS

In preparing these financial statements, the Agency has evaluated events and transactions for potential recognition or disclosure through February 1, 2010, the date the combined financial statements were available to be issued

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2009

GRANT	FEDERAL CFDA NUMBER	GRANTOR'S NUMBER	GRANT PERIOD	EXPENDITURES
<u>U.S. DEPARTMENT OF ENERGY</u>				
Passed through State Department of Human Services:				
ARRA Weatherization	81.042	Z-09-000428	07-01-09 TO 09-30-10	\$ 203
Weatherization Assistance for Low-Income Persons	81.042	Z-10-000409	07-01-09 TO 06-30-10	247,390
Weatherization Assistance for Low-Income Persons	81.042	Z-05-021676	07-01-04 to 06-30-09	869,941
				<u>1,117,534</u>
TOTAL U.S. DEPARTMENT OF ENERGY				
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Passed through State Department of Education:				
21st Century Grant	84.287	Z-09-21333-00	08-01-08 to 06-30-09	16,879
				<u>16,879</u>
TOTAL U.S. DEPARTMENT OF EDUCATION				
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Direct Programs:				
Public and Indian Housing	14.850	A-3777	10-01-08 to 09-30-09	22,781,007
Section 8 Housing Choice Vouchers	14.871	A-3152V	10-01-08 to 09-30-09	32,929,139
Lower-Income Housing Assistance Program - Section 8 Moderate Rehabilitation - Single Room Occupancy	14.249	A-3152M	10-01-08 to 09-30-09	67,911
Section 8 Moderate Rehabilitation - Single Room Occupancy	14.249	A-3152M	10-01-08 to 09-30-09	443,002
DHAP	97.109	A-3152M	10-01-07 to 03-01-09	161,468
HUD-Veterans Affairs Supportive Housing	14.VSH	TN005VA0001	05-01-08 to 04-30-09	547,116
Section 8 5yr Mainstream Vouchers	14.879	TN005DV0001	10-01-08 to 09-30-09	383,907

(continued on next page)

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED SEPTEMBER 30, 2007

GRANT	FEDERAL CFDA NUMBER	GRANTOR'S NUMBER	GRANT PERIOD	EXPENDITURES
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (CONTINUED)</u>				
Direct Programs (Continued):				
Public Housing - Capital Fund Program:				
Public Housing Capital Fund	14.872	A-3777 (TN43P005S0105)	N/A	\$ 1,094,388
Public Housing Capital Fund	14.872	A-3777 (TN43P005S0106)	N/A	1,861,847
Public Housing Capital Fund	14.872	A-3777 (TN43P005S0107)	N/A	3,802,730
Public Housing Capital Fund	14.872	A-3777 (TN43P005S0108)	N/A	2,697,892
American Recovery and Reinvestment Act Formula Capital Fund Stimulus Grant	14.885	A-3777 (TN43S005S0109)	N/A	456,840
Shelter Plus Care	14.238	TN37C50-4003	04-01-06 to 03-31-11	81,675
Shelter Plus Care	14.238	TN37C30-4001	04-01-04 TO 03-31-09	74,094
Shelter Plus Care	14.238	TN37C60-4001	04-27-07 to 04-26-12	83,748
Shelter Plus Care	14.238	TN37C60-4014	04-27-07 to 04-26-12	51,125
Shelter Plus Care	14.238	TN37C70-4016	03-01-08 to 02-28-09	15,557
Shelter Plus Care	14.238	TN0070C4040801	03-01-09 TO 02-28-10	21,466
Shelter Plus Care	14.238	TN37C70-4015	03-01-08 to 02-28-09	485,689
Shelter Plus Care	14.238	TN0068C4040801	03-01-09 to 02-28-10	861,266
HMIS	14.235	TN0060B4070801	07-01-08 TO 06-30-09	16,515
HMIS	14.235	TN37B704010	07-01-08 to 06-30-09	40,412

(continued on next page)

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

GRANT	FEDERAL CFDA NUMBER	GRANTOR'S NUMBER	GRANT PERIOD	EXPENDITURES
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (CONTINUED)</u>				
Direct Programs (Continued):				
Resident Opportunity and Supportive Services	14.870	TN003RFS164A008	04-27-09 to 04-27-10	\$ 77,087
Resident Opportunity and Supportive Services	14.870	TN003RFS167A007	03-12-08 to 03-12-09	39,593
Resident Opportunity and Supportive Services	14.870	TN003REF036A007	06-09-2008 to 06-09-2011	187,755
Demolition and Revitalization of Severely Distressed Public Housing (HOPE VI)	14.866	TN43URD0051103	09-01-04 TO 09-30-08	188,799
Demolition and Revitalization of Severely Distressed Public Housing (HOPE VI)	14.866	TN43URD005N103	09-29-04 to 09-30-09	250,000
Passed Through Metropolitan Government of Nashville and Davidson County, Tennessee:				
Community Development Block Grants/Entitlement Grants	14.218	B-XX-MC-47-0007	N/A	5,486,578
HOME Investment Partnerships Program	14.239	M-XX-MC-47-0203	N/A	6,967,572
Emergency Shelter Grants Program	14.231	S-06-MC-47-0004	04-01-06 to 03-31-09	217,601
HOPWA	14.241	TN-H06-F002	04-01-06 to 03-31-09	947,974
Neighborhood Stabilization Program	14.256	B-08-MN-47-0004	03-06-09 to 03-06-14	50,179
Homelessness Prevention and Rapid Re-housing Program	14.257	S-09-MY-47-0004	07-10-09 to 07-10-12	11,863

(continued on next page)

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED SEPTEMBER 30, 2007

<u>GRANT</u>	<u>FEDERAL CFDA NUMBER</u>	<u>GRANTOR'S NUMBER</u>	<u>GRANT PERIOD</u>	<u>EXPENDITURES</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (CONTINUED)</u>				
Passed Through State Department of Energy:				
Brownfields Revolving Loan	66.818	BF-96415904-0	10-01-04 to 09-30-10	\$ 231,855
Passed Through Federal Highway Administration				
TDOT Dickerson Road	20.205	PIN 030604.01	39.595	1,074,459
TDOT RMH Greenway Ext	20.205	PIN 110937.00	06-11-08 to 06-15-13	479,650
				<u>85,169,759</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				<u>\$ 86,304,172</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE				

(continued on next page)

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED SEPTEMBER 30, 2009

<u>PROGRAM NUMBER</u>	<u>DESCRIPTION</u>	<u>EXPENDITURES</u>
14.871	Section 8 Housing Choice Vouchers	\$ 32,929,139
14.850	Public and Indian Housing	22,781,007
14.872	Public Housing Capital Fund	9,456,857
14.885	ARRA Formula Capital Fund Stimulus	456,840
14.866	Demolition and Revitalization of Severely Distressed Public Housing (HOPE VI)	438,799
14.218	Community Development Block Grants/Entitlement Grants	5,486,578
14.239	Home Investment Partnerships Program	6,967,572
14.238	Shelter Plus Care	1,674,620
97.109	Disaster Housing Assistance Program	161,468
14.241	Housing Opportunities for Persons With AIDS	947,974
81.042	Weatherization Assistance for Low-Income Persons	1,117,534
14.249	Section 8 Moderate Rehabilitation - Single Room Occupancy	510,913
14.879	Section 8 Five Year Mainstream Vouchers	383,907
14.231	Emergency Shelter Grants Program	217,601
14.235	HMIS	56,927
14.256	NSP	50,179
14.257	HPRP	11,863
84.287	21st Century Grant	16,879
14.VSH	HUD-Veterans Affairs Supportive Housing	547,116
20.205	Federal Highway Administration	1,554,109
66.818	Brownfields Pilots Cooperative Agreement	231,855
14.870	Resident Opportunity and Supportive Services	304,435
	<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>	<b>\$ 86,304,172</b>

\*Tested as major programs in the current year.

**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 *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*.

## ADDITIONAL INFORMATION

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

	<u>IN43P005501-05</u>
Funds approved	\$ 8,902,084
Funds expended	<u>8,902,084</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

	<u>IN43P005501-06</u>
Funds approved	\$ 8,419,138
Funds expended	<u>8,419,138</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

	<u>IN43URD005I103</u>
Funds approved	\$ 20,000,000
Funds expended	<u>20,000,000</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 AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

Board of Commissioners  
Metropolitan Development and Housing Agency  
Nashville, Tennessee

We have audited the statement of net assets of the Metropolitan Development and Housing Agency ("the Agency"), a component unit of the Metropolitan Government of Nashville and Davidson County, Tennessee, as of September 30, 2009, and the related statements of revenues, expenses and changes in net assets and cash flows for the year then ended, and have issued our report thereon dated February 1, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was limited for the purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of 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*.

This report is intended solely for the information and use of the Board of Commissioners and management, federal awarding agencies, the Metropolitan Government of Nashville and Davidson County, Tennessee, and the State of Tennessee and is not intended to be and should not be used by anyone other than these specified parties.

*McCauley, Nicolas & Company, LLC*

McCauley, Nicolas & Company, LLC  
Certified Public Accountants

Jeffersonville, Indiana  
February 1, 2010



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Commissioners  
Metropolitan Development and Housing Agency  
Nashville, Tennessee

Compliance

We have audited the compliance of the Metropolitan Development and Housing Agency (the "Agency"), a component unit of the Metropolitan Government of Nashville and Davidson County, Tennessee, with the types of compliance requirements described in the *U S Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2009. The Agency's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Agency's management. Our responsibility is to express an opinion on the Agency's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination on the Agency's compliance with those requirements.

In our opinion, the Agency complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 09-01 and 09-02.



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Commissioners  
Metropolitan Development and Housing Agency  
Nashville, Tennessee

Compliance

We have audited the compliance of the Metropolitan Development and Housing Agency (the "Agency"), a component unit of the Metropolitan Government of Nashville and Davidson County, Tennessee, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2009. The Agency's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Agency's management. Our responsibility is to express an opinion on the Agency's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination on the Agency's compliance with those requirements.

In our opinion, the Agency complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 09-01 and 09-02.

## Internal Control Over Compliance

The Agency's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Agency's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as described below, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questions as item 09-01 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We do not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

The Agency's response to the items identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Agency's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Commissioners and management, federal awarding agencies, the Metropolitan Government of Nashville and Davidson County, Tennessee, and the State of Tennessee and is not intended to be and should not be used by anyone other than these specified parties.

*McCauley, Nicolas & Company, LLC*

McCauley, Nicolas & Company, LLC  
Certified Public Accountants

Jeffersonville, Indiana  
February 1, 2010

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2009

**SECTION I - SUMMARY OF INDEPENDENT AUDITORS' RESULTS**

Financial Statements

Type of auditors' report issued:

Unqualified

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?

x yes \_\_\_ none reported

Type of auditors' report issued on compliance for  
major programs

Unqualified

Any audit findings disclosed that are required to be reported  
in accordance with Section 510(a) of Circular A-133?

x yes \_\_\_ no

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED SEPTEMBER 30, 2009

**SECTION I - SUMMARY OF INDEPENDENT AUDITORS' RESULTS (CONTINUED)**

Federal Awards - Continued

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	
14 850	Public and Indian Housing	\$22,781,007
14 872	Public Housing Capital Fund	\$ 9,456,857
14 885	ARRA-Public Housing Capital Fund Stimulus (Formula) Recovery Act Funded	\$ 456,840
14.238	Shelter Plus Care	\$ 1,674,620
20.205	Highway Planning and Construction	\$ 1,554,109

Dollar threshold used to distinguish between Type A and Type B programs: \$ 2,589,125

Auditee qualified as low-risk auditee? ☒ yes ☐ no

**SECTION II - FINANCIAL STATEMENT FINDINGS**

A. Significant Deficiencies in Internal Control

None

B. Compliance Findings

None



METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED SEPTEMBER 30, 2009

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**Item 09-01 CFDA No. 14.850 Public and Indian Housing**

**Condition:** During the year ended September 30, 2009, we reviewed the process for applicants to be placed on the waiting list, including the ranking of applicants by position as determined by the Agency's admission policy. Although applicants are placed on the waiting list based on specific criteria or preferences, we were unable to determine if applicants were being properly ranked.

Additionally, we found that applicants already determined to be ineligible, unresponsive or who had already been housed were often not removed from the waiting list

**Questioned costs:** There were no questioned costs

**Criteria:** 24 CFR 960.206 requires that the method of selecting applicants must leave a clear audit trail that can be used to verify each applicant has been selected in accordance with the method specified in the Agency's admission policy.

**Effect:** We were not able to verify that applicants were added to the waiting list and admitted into public housing based on correct priority or need.

**Recommendation:** The Agency should examine the process for admission of tenants and determine procedures to monitor the process of placing applicants on the waiting list and admitting them into public housing. We would further recommend the waiting list be reviewed to determine it contains only current applicants ranked in accordance with their policy.

**Management's Response:** We concur. We will examine the process for admission of tenants and implement procedures to monitor the process of placing applicants on the waiting list and admitting them to public housing. We will also review the waiting list and include only current applicants ranked in accordance with our policy.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED SEPTEMBER 30, 2009

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**Item 09-02 CFDA No. 14.238 Shelter Plus Care**

**Condition and Cause:** Thirty participant files were selected for compliance testing. Two files did not contain documentation in support of income verification for the most recent recertification period.

**Questioned costs:** There were no questioned costs.

**Criteria:** The Agency must examine a participant's income initially, and at least annually thereafter, to determine the amount of rent payable by the participant (24 CFR 582.310).

**Effect:** Participant may not be properly paying their proportionate rent.

**Recommendation:** The Agency should review procedures to ensure all participant files contain adequate documentation of income verification.

**Management's Response:** We have corrected the two files in question and will continue to reiterate current policy and procedures pertaining to verification requirements to staff. Compliance monitoring will continue through supervisory reviews and utilizing new staff training opportunities.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED SEPTEMBER 30, 2009

**Item 08-1 CFDA No. 14.850 Public and Indian Housing**

**Condition:** The Agency was not in compliance with internal tenant selection procedures for 2 out of 10 applicants selected for testing. The results of testing showed that applicants were added to the Agency's waiting list at an incorrect preference. The applicants were given higher priority than they should have received based on facts contained within the applicants' files.

**Recommendation:** We recommend that the Agency examine the process for admission of tenants considering the Agency's new Yardi system capabilities and determine procedures to monitor the process of placing applicants on the waiting list and admitting them into public housing.

**Status:** This finding is also a finding for the year ended September 30, 2009. See Finding 09-01.



## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

Board of Commissioners  
Metropolitan Development and Housing Agency  
Nashville, Tennessee

We have performed the procedure described in the second paragraph, which was agreed to by the 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 OMB Circular A-133 reporting package. The Housing Authority is responsible for the accuracy and completeness of the electronic submission. This agreed-upon procedure 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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, for the Housing Authority as of and for the year ended September 30, 2009, and have issued our reports thereon dated February 1, 2010. 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 February 1, 2010 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 OMB Circular A-133, which includes the auditors' 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.

*McCauley, Nicolas & Company, LLC*

McCauley, Nicolas & Company, LLC  
Certified Public Accountants

Jeffersonville, Indiana  
June 21, 2010

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

				DOES
	UFRS RULE	HARD COPY		NOT
PROCEDURE	INFORMATION	DOCUMENT(S)	AGREES	AGREE
1	Balance Sheet and Revenue and Expense (data line items 111 to 11210)	Financial Data Schedule, all CFDA's	X	
2	Footnotes (data element G5000-010)	Footnotes to audited basic financial statements	X	
3	Type of opinion on FDS (data element G5100-010)	Auditor's supplemental report on FDS	X	
4	Audit Findings Narrative (data element G5200-010)	Schedule of Findings and Questioned Costs	X	
5	General information (data element series G2000, G2100, G2200, G9000, G9100)	OMB Data Collection Form*	X	
6	Financial statement report information (data element G3000-010 to G3000-050)	Schedule of Findings and Questioned Costs, Part 1 and OMB Data Collection Form*	X	
7	Federal program report information (data element G4000-020 to G4000-040)	Schedule of Findings and Questioned Costs, Part 1 and OMB Data Collection Form*	X	
8	Federal agencies required to receive reporting package (data element G4000-050)	OMB Data Collection Form*	X	
9	Basic financial statements and auditor reports required to be submitted electronically	Basic financial statements (inclusive of auditor reports)	X	

**METROPOLITAN DEVELOPMENT AND HOUSING AGENCY**

Nashville, Tennessee

**Entity Wide Balance Sheet Summary**

September 30, 2009

	Project Total	14.243 Section 8 Maintenance	14.695 Revitalization of Severely Distressed Public Housing	66.818 Brownfields Plots Cooperative Agreement	14.871 Housing Choice Vouchers	Other Federal Program	Business Activities	State/local	14.239 HOME Investment Partnerships Program	97.09 Disaster Housing Assistance Grant	20.205 Highway Planning and Construction	14.241 Housing Opportunities for Persons with AIDS
111 Cash - Unrestricted	\$ 10,798,110	\$ 5,681	\$ -	\$ -	\$ -	\$ -	\$ 1,698,430	\$ 2,750,055	\$ -	\$ 459,012	\$ -	\$ -
112 Cash - Restricted - Modernization and Development												
113 Cash - Other Restricted	2,035,483	-	-	-	-	-	104,644	-	-	-	-	-
114 Cash - Tenant Security Deposits												
115 Cash - Restricted for Payment of Current Liabilities												
100 Total Cash	12,793,273	5,681	-	-	-	-	1,703,074	2,750,055	-	459,012	-	-
121 Accounts Receivable - PHA Projects												
122 Accounts Receivable - HUD Other Projects	519,322	12,093	-	-	-	-	-	-	1,275,819	-	-	466,378
124 Accounts Receivable - Other Government						62,042	-	699,510	-	-	722,625	-
125 Accounts Receivable - Miscellaneous	260	-	-	170,389	25,536	-	122,766	-	-	-	-	-
126 Accounts Receivable - Tenants	316,731	-	-	-	1,369,482	-	14,723	-	-	-	-	-
128.1 Allowance for Doubtful Accounts - Tenants	(235,391)	-	-	-	(1,369,482)	-	(5,726)	-	-	-	-	-
128.2 Allowance for Doubtful Accounts - Other								(31,400)	(77,700)	-	-	-
127 Notes, Loans, & Mortgages Receivable - Current							1,000	80,939	384,773	-	-	-
128 Fraud Recovery							-	-	-	-	-	-
128.1 Allowance for Doubtful Accounts - Fraud	76,029	-	-	-	10,706	-	2,711	30,763	-	-	-	-
129 Accrued Interest Receivable												
120 Total Receivables, Net of Allowances for Doubtful Accounts	676,955	12,093	-	170,389	36,232	62,042	135,474	756,742	1,580,884	-	722,625	466,378
131 Investments - Unrestricted	19,381,932	-	-	-	2,344,583	-	-	949,598	-	-	-	-
132 Investments - Restricted	129,817	-	-	-	2,286,523	-	-	-	-	-	-	-
135 Investments - Restricted for Payment of Current Liability												
142 Prepaid Expenses and Other Assets	241,270	-	-	-	13,444	-	6,762	3,018	572	-	-	112
143 Inventories												
143.1 Allowance for Obsolete Inventories												
144 Inter Program Due From												
145 Assets Held for Sale												
150 Total Current Assets	39,202,245	17,674	-	170,389	4,681,584	62,042	2,784,903	12,014,945	2,515,036	459,012	722,625	466,490
161 Land	21,905,126	-	-	-	51,500	-	-	24,843,273	-	-	-	-
162 Buildings	224,074,952	-	-	-	1,000,595	-	2,108,871	-	-	-	-	-
163 Furniture, Equipment & Machinery - Dwellings	1,597,957	-	-	-	-	-	11,582,083	-	-	-	-	-
164 Furniture, Equipment & Machinery - Administration	118,738	-	-	-	103,289	-	37,046	-	-	-	-	-
165 Leasehold Improvements	(111,693,555)	-	-	-	(303,209)	-	(2,078,354)	-	-	-	-	-
166 Accumulated Depreciation	5,291,150	-	-	285,787	-	-	3,870,925	13,084,254	1,400,031	-	513,726	-
167 Construction in Progress	19,300,060	-	-	-	-	-	1,765,499	-	-	-	-	-
168 Infrastructure							17,286,071	37,927,527	1,400,031	-	513,726	-
100 Total Capital Assets, Net of Accumulated Depreciation	160,654,460	-	-	260,787	852,185	-	7,061	237,086	1,610,550	-	-	-
171 Notes, Loans and Mortgages Receivable - Non-Current	31,818,431	-	-	-	-	-	-	-	-	-	-	-
172 Notes, Loans & Mortgages Receivable - Non-Current - Past Due												
173 Grants Receivable - Non-Current							510,036	1,161,134	-	-	-	-
174 Other Assets												-
175 Investments in Joint Ventures												-
180 Total Non-Current Assets	192,472,891	-	-	260,787	852,185	-	17,903,166	39,316,747	3,010,581	-	513,726	-
190 Total Assets	\$ 225,975,134	\$ 17,674	\$ -	\$ 439,146	\$ 5,533,773	\$ 62,042	\$ 20,998,076	\$ 51,330,692	\$ 5,623,617	\$ 459,012	\$ 1,236,353	\$ 466,490

**METROPOLITAN DEVELOPMENT AND HOUSING AGENCY**  
Nashville, Tennessee

Entity Wide Balance Sheet Summary  
September 30, 2009

	Project Total	14,249 Section 8 Mainstream	14,966 Revitalization of Severely Distressed Public Housing	66,818 Brownfields Pilots Cooperative Agreement	14,371 Housing Choice Vouchers	Other Federal Program	Business Activities	State/Local	HOME Investment Partnerships Program	97,109 Disaster Housing Assistance Grant	20,205 Highway Planning and Construction	14,241 Housing Opportunities for Persons with AIDS
311 Bank Overdraft	\$ 651,019	\$ -	\$ -	\$ -	\$ 734,609	\$ -	\$ -	\$ -	\$ 561,640	\$ -	\$ 489,192	\$ 330,702
312 Accounts Payable <= 90 Days	1,344,863	-	-	175,689	28,740	28,740	1,784,281	124,519	1,061,875	-	233,433	132,162
313 Accounts Payable >90 Days Past Due	-	-	-	-	-	-	-	-	-	-	-	-
321 Accrued Wage/Payroll Taxes Payable	263,625	-	-	-	72,530	2,281	26,441	34,432	5,027	-	-	1,044
322 Accrued Compensated Absences - Current Portion	202,573	-	-	-	76,001	384	20,935	4,721	7,365	-	-	554
324 Accrued Contingency Liability	-	-	-	-	-	-	-	-	-	-	-	-
325 Accrued Interest Payable	-	-	-	-	-	-	-	-	-	-	-	-
331 Accounts Payable - HUD PHA Programs	-	11,598	-	-	-	-	-	-	-	143,606	-	-
332 Account Payable - PHA Projects	-	-	-	-	-	-	-	-	-	-	-	-
333 Accounts Payable - Other Government	-	-	-	118,895	-	-	-	5,485,045	-	-	17,138	-
341 Tenant Security Deposits	990,417	-	-	-	-	-	16,400	-	-	-	-	-
342 Deferred Revenues	89,288	-	-	-	-	-	9,511	-	-	-	-	-
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	-	-	-	-	-	-	-	-	-	-	-	-
344 Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-	-	2,310,504	8,410,051	-	-	-	-
345 Other Current Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
346 Accrued Liabilities - Other	2,016,844	-	-	-	-	-	104,644	-	-	-	-	-
347 Inter Program - Due To	-	-	-	-	-	-	-	-	-	-	-	-
348 Loan Liability - Current	-	-	-	-	-	-	-	-	-	-	-	-
349 Total Current Liabilities	5,928,819	11,598	-	297,024	883,140	60,046	4,272,800	14,039,574	1,535,908	143,606	739,763	464,323
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	-	-	-	5,944,680	-	-	-	-	-
352 Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-	-	-	-	-	-	-	-	-
353 Non-current Liabilities - Other	148,135	-	-	-	165,683	-	-	-	-	-	-	-
354 Accrued Compensated Absences - Non Current	718,209	-	-	-	269,460	1,396	74,235	16,758	28,115	-	-	1,955
355 Loan Liability - Non Current	-	-	-	-	-	-	-	-	-	-	-	-
356 FASB 5 Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
357 Accrued Pension and OPEB Liabilities	-	-	-	-	435,143	1,396	6,018,804	16,758	26,115	-	-	1,955
358 Total Non-Current Liabilities	866,345	-	-	297,024	1,318,263	62,042	10,291,704	14,055,332	1,562,023	143,606	739,763	468,490
390 Total Liabilities	6,395,164	11,598	-	297,024	1,318,263	62,042	10,291,704	14,055,332	1,562,023	143,606	739,763	468,490
508.1 Invested in Capital Assets, Net of Related Debt	160,644,460	-	-	142,122	852,188	-	9,030,696	29,722,976	1,400,031	-	496,690	-
509.2 Fund Balance Reserved	-	-	-	-	-	-	-	-	-	-	-	-
511.2 Unreserved, Designated Fund Balance	-	-	-	-	-	-	-	-	-	-	-	-
511.1 Restricted Net Assets	148,135	-	-	-	2,121,242	-	1,275,474	7,561,384	2,461,563	316,406	-	-
512.1 Unrestricted Net Assets	56,477,374	6,076	-	-	1,242,069	-	-	-	-	-	-	-
512.2 Unreserved, Undesignated Fund Balance	-	-	-	-	-	-	-	-	-	-	-	-
513 Total Equity/Net Assets	219,279,970	6,076	-	142,122	4,216,460	-	10,306,372	37,274,360	3,661,594	316,406	496,690	-
600 Total Liabilities and Equity/Net Assets	\$ 225,675,134	\$ 17,674	\$ -	\$ 439,146	\$ 5,535,773	\$ 62,042	\$ 20,598,076	\$ 51,330,692	\$ 5,521,617	\$ 459,012	\$ 1,236,453	\$ 468,490

**METROPOLITAN DEVELOPMENT AND HOUSING AGENCY**  
Nashville, Tennessee

Entity Wide Balance Sheet Summary  
September 30, 2009

14,249 Section 8 Moderate Rehabilitation Single Room Occupancy	14,238 Shelter Plus Care	14,365 Formula Capital Fund Stimulus Grant	14,VSH HUD-VETERANS AFFAIRS SUPPORTIVE HOUSING (HUD- WASHY PROGRAM)	81,042 Weatherization Assistance for Low- Income Persons	84,287 Twenty-First Century Community Learning Center	14,DVP Disaster Voucher Program	14,231 Emergency Shelter Grants Program	14,219 Community Development Block Grants/Entitlement Program	14,235 Supportive Housing Program	14,870 Resident Opportunity and Supportive Services
111 Cash - Unrestricted										
112 Cash - Restricted - Modernization and Development										
113 Cash - Other Restricted										
114 Cash - Tenant Security Deposits										
115 Cash - Restricted for Payment of Current Liabilities										
100 Total Cash	76,920		302,548			8,206				
121 Accounts Receivable - PHA Projects										
122 Accounts Receivable - HUD Other Projects										
123 Accounts Receivable - Other Government	9,475	307,400					32,737		5,802	52,892
124 Accounts Receivable - Miscellaneous				170,036						
125 Accounts Receivable - Tenants	4,303									
126.1 Allowance for Doubtful Accounts - Tenants	(4,303)									
126.2 Allowance for Doubtful Accounts - Other										
127 Notes, Loans, & Mortgages Receivable - Current										
128 Fraud Recovery										
128.1 Allowance for Doubtful Accounts - Fraud										
128 Accrued Interest Receivable										
129 Total Receivables Net of Allowances for Doubtful Accounts	9,475	307,400		170,036			32,737		5,802	52,892
131 Investments - Unrestricted										
132 Investments - Restricted										
133 Investments - Restricted for Payment of Current Liability										
134 Prepaid Expenses and Other Assets										
143 Inventories				210					154	730
143.1 Allowance for Obsolete Inventories										
144 Inter Program Due From										
145 Assets Held for Sale										
150 Total Current Assets	86,395	307,400	405,921	170,246		8,206	32,761		5,956	53,422
161 Land										
162 Buildings										
163 Furniture, Equipment & Machinery - Dwellings										
164 Furniture, Equipment & Machinery - Administration				8,339						
165 Leasehold Improvements										
166 Accumulated Depreciation				(1,594)						
167 Construction in Progress										
168 Infrastructure				4,754						
169 Total Capital Assets, Net of Accumulated Depreciation										
171 Notes, Loans and Mortgages Receivable - Non-Current										
172 Notes, Loans, & Mortgages Receivable - Non-Current - Past Due										
173 Grants Receivable - Non-Current										
174 Other Assets										
175 Investments in Joint Ventures										
180 Total Non-Current Assets				4,754						
190 Total Assets	86,395	307,400	405,921	175,000		8,206	32,761		5,956	53,422



**METROPOLITAN DEVELOPMENT AND HOUSING AGENCY**  
Nashville, Tennessee

Entire Wide Balance Sheet Summary  
September 30, 2008

14.249 Section 8 Moderate Relaxation Single Room Occupancy	14.238 Shelter Plus Care	14.885 Formula Capital Fund Stimulus Grant	14 VSH HUD-VETERANS AFFAIRS SUPPORTIVE HOUSING (HUD- VASH) PROGRAM	81.042 Weatherization Assistance for Low- Income Persons	84.287 Twenty-First Century Community Learning Centers	14.DVP Disaster Voucher Program	14.231 Emergency Shelter Grants Program	14.218 Community Development Block Grants/Entitlement Grants	14.235 Supportive Housing Program	14.870 Resident Opportunity and Supportive Services
\$ -	\$ 240,374	\$ 31,665	\$ -	\$ 61,095	\$ -	\$ -	\$ -	\$ -	\$ 3,630	\$ 255
311 Bank Overdraft	-	-	-	238	-	-	5,555	-	59	8,138
312 Accounts Payable <= 90 Days	-	275,735	-	-	-	-	22,763	-	-	-
313 Accounts Payable >90 Days Past Due	-	-	-	-	-	-	-	-	-	-
321 Accrued Wage/Payroll Taxes Payable	-	-	-	5,472	-	-	440	-	2,067	6,021
322 Accrued Compensated Absences - Current Portion	-	-	-	22,430	-	-	216	-	-	3,360
324 Accrued Contingency Liability	-	-	-	-	-	-	-	-	-	-
325 Accrued Interest Payable	-	-	-	-	-	-	-	-	-	-
331 Accounts Payable - HUD PHA Programs	-	-	-	-	-	-	-	-	-	-
332 Account Payable - PHA Projects	-	-	-	-	-	-	-	-	-	-
333 Accounts Payable - Other Government	-	-	-	485	-	-	-	-	-	-
341 Tenant Security Deposits	-	-	-	-	-	-	-	-	-	-
342 Deferred Revenues	-	-	-	-	-	-	-	-	-	-
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	-	-	-	-	-	-	-	-	-	-
344 Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-	-	-	-	-	-
345 Other Current Liabilities	-	-	-	-	-	-	-	-	-	-
346 Accrued Liabilities - Other	-	-	-	-	-	-	-	-	-	-
347 Inter Program - Due To	-	-	-	-	-	-	-	-	-	-
348 Loan Liability - Current	-	-	-	-	-	-	-	-	-	-
310 Total Current Liabilities	\$ 240,374	\$ 307,400	\$ -	\$ 90,721	\$ -	\$ 8,206	\$ 31,984	\$ -	\$ 5,954	\$ 23,762
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	-	-	-	-	-	-	-
352 Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-	-	-	-	-	-	-
353 Non-current Liabilities - Other	-	-	-	-	-	-	-	-	-	-
354 Accrued Compensated Absences - Non Current	-	-	-	79,535	-	-	767	-	-	29,640
355 Loan Liability - Non Current	-	-	-	-	-	-	-	-	-	-
356 FASB 5 Liabilities	-	-	-	-	-	-	-	-	-	-
357 Accrued Pension and OPEB Liabilities	-	-	-	-	-	-	-	-	-	-
350 Total Non-current Liabilities	-	-	-	\$ 79,535	-	-	\$ 767	-	-	\$ 29,640
300 Total Liabilities	\$ 240,374	\$ 307,400	\$ -	\$ 170,246	\$ -	\$ 8,206	\$ 32,751	\$ -	\$ 5,954	\$ 53,402
508.1 Invested in Capital Assets, Net of Related Debt	-	-	-	4,754	-	-	-	-	-	-
509.2 Fund Balance Reserved	-	-	-	-	-	-	-	-	-	-
511.2 Unreserved, Designated Fund Balance	-	-	-	-	-	-	-	-	-	-
511.1 Restricted Net Assets	-	-	-	-	-	-	-	-	-	-
512.1 Unrestricted Net Assets	-	-	-	382,648	-	-	-	-	-	-
512.2 Unreserved, Undesignated Fund Balance	86,395	-	-	23,373	-	-	-	-	-	-
513 Total Equity/Net Assets	\$ 86,395	-	-	\$ 406,021	-	-	-	-	-	-
600 Total Liabilities and Equity/Net Assets	\$ 86,395	\$ 307,400	\$ 406,021	\$ 175,000	\$ -	\$ 8,206	\$ 32,751	\$ -	\$ 5,954	\$ 53,402

**METROPOLITAN DEVELOPMENT AND HOUSING AGENCY**  
Nashville, Tennessee

Entity Wide Balance Sheet Summary  
September 30, 2009

	Central Office Cash Center	Subtotal	Eliminations	Total
111 Cash - Unrestricted	\$ 1,004,739	\$ 16,684,423	\$ -	\$ 16,684,423
112 Cash - Restricted - Modernization and Development	-	-	-	-
113 Cash - Other Restricted	1,502,332	4,024,887	-	4,024,887
114 Cash - Tenant Security Deposits	-	-	-	-
115 Cash - Restricted for Payment of Current Liabilities	-	-	-	-
100 Total Cash	2,507,071	20,709,310	-	20,709,310
121 Accounts Receivable - PHA Projects	-	-	-	-
122 Accounts Receivable - HUD Other Projects	-	4,480,858	-	4,480,858
124 Accounts Receivable - Other Government	-	1,802,572	-	1,802,572
125 Accounts Receivable - Miscellaneous	6,348	158,489	-	158,489
126 Accounts Receivable - Tenants	-	1,704,249	-	1,704,249
128.1 Allowance for Doubtful Accounts - Tenants	-	(1,614,912)	-	(1,614,912)
128.2 Allowance for Doubtful Accounts - Other	-	(148,770)	-	(148,770)
127 Notes, Loans, & Mortgages Receivable - Current	-	715,254	-	715,254
128 Fraud Recovery	-	-	-	-
128.1 Allowance for Doubtful Accounts - Fraud	-	-	-	-
129 Accrued Interest Receivable	30,377	150,606	-	150,606
120 Total Receivables, Net of Allowances for Doubtful Accounts	36,725	7,248,340	-	7,248,340
131 Investments - Unrestricted	-	-	-	-
132 Investments - Restricted	-	-	-	-
135 Investments - Restricted for Payment of Current Liability	-	-	-	-
142 Prepaid Expenses and Other Assets	188,745	488,300	-	488,300
143 Inventories	-	-	-	-
143.1 Allowance for Obsolete Inventories	-	-	-	-
144 Inter Program Due From	-	-	-	-
145 Assets Held for Sale	-	5,516,182	-	5,516,182
150 Total Current Assets	7,218,745	89,635,163	-	89,635,163
161 Land	-	-	-	-
162 Buildings	113,972	49,816,237	-	49,816,237
163 Furniture, Equipment & Machinery - Dwellings	3,114,910	240,908,822	-	240,908,822
164 Furniture, Equipment & Machinery - Administration	1,049,145	2,861,848	-	2,861,848
165 Leasehold Improvements	1,440,497	1,890,622	-	1,890,622
166 Accumulated Depreciation	-	-	-	-
167 Construction in Progress	(4,472,565)	(119,042,710)	-	(119,042,710)
168 Infrastructure	-	24,420,875	-	24,420,875
169 Total Capital Assets, Net of Accumulated Depreciation	1,245,359	21,155,548	-	21,155,548
170 Total Capital Assets	1,245,359	22,164,343	-	22,164,343
171 Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-
172 Notes, Loans, & Mortgages Receivable - Non-Current - Paid Due	-	34,638,916	-	34,638,916
173 Grants Receivable - Non-Current	-	-	-	-
174 Other Assets	-	1,661,170	-	1,661,170
175 Investments in Joint Ventures	-	-	-	-
180 Total Non-Current Assets	1,245,359	36,799,126	-	36,799,126
190 Total Assets	\$ 8,464,104	\$ 327,576,592	\$ -	\$ 327,576,592

**METROPOLITAN DEVELOPMENT AND HOUSING AGENCY**  
Nashville, Tennessee

Entire Wide Balance Sheet Summary  
September 30, 2009

	Central Office Cost Center	Subtotal	Eliminations	Total
311 Bank Overdraft	\$ -	\$ 3,932,103	\$ -	\$ 3,932,193
312 Accounts Payable - <= 90 Days	78,451	5,536,236	-	5,536,236
313 Accounts Payable >90 Days Past Due	-	-	-	-
321 Accrued Wage/Payroll Taxes Payable	158,955	609,620	-	609,620
322 Accrued Compensated Absences - Current Portion	191,847	574,550	-	574,550
324 Accrued Contingency Liability	-	-	-	-
325 Accrued Interest Payable	-	-	-	-
331 Accounts Payable - HUD PHA Programs	-	163,410	-	163,410
332 Account Payable - PHA Projects	-	-	-	-
333 Accounts Payable - Other Government	-	5,602,133	-	5,602,133
341 Tenant Security Deposits	-	976,817	-	976,817
342 Deferred Revenues	-	98,899	-	98,899
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	-	10,720,555	-	10,720,555
344 Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-
345 Other Current Liabilities	-	-	-	-
346 Accrued Liabilities - Other	1,502,332	3,624,020	-	3,624,020
347 Inter Program - Due To	-	-	-	-
348 Loan Liability - Current	-	-	-	-
310 Total Current Liabilities	1,931,595	31,988,453	-	31,988,453
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	5,944,869	-	5,944,869
352 Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-
353 Non-current Liabilities - Other	-	313,819	-	313,819
354 Accrued Compensated Absences - Non Current	679,477	2,037,037	-	2,037,037
355 Loan Liability - Non Current	-	-	-	-
356 FASB 5 Liabilities	-	-	-	-
357 Accrued Pension and OPEB Liabilities	-	-	-	-
350 Total Non-Current Liabilities	679,477	6,295,625	-	6,295,625
300 Total Liabilities	2,611,072	40,283,978	-	40,283,978
508.1 Invested In Capital Assets, Net of Related Debt	1,245,339	205,045,816	-	205,045,816
509.2 Fund Balances Reserved	-	-	-	-
511.2 Unreserved, Designated Fund Balance	-	-	-	-
511.1 Restricted Net Assets	-	2,951,926	-	2,951,926
512.1 Unrestricted Net Assets	4,607,873	79,594,872	-	79,594,872
512.2 Unreserved, Undesignated Fund Balance	-	-	-	-
513 Total Equity/Net Assets	5,853,332	287,232,614	-	287,232,614
600 Total Liabilities and Equity/Net Assets	\$ 8,464,404	\$ 327,576,592	\$ -	\$ 327,576,592

## Entity Wide Revenue and Expense Summary

[illegible]

**METROPOLITAN DEVELOPMENT AND HOUSING AGENCY**  
Nashville, Tennessee

[illegible]

**METROPOLITAN DEVELOPMENT AND HOUSING AGENCY**

Nashville, Tennessee

**Entity-Wide Revenue and Expense Summary**

September 30, 2009

	81,042 Weatherization Assistance for Low Income Persons	84,267 Twenty-First Century Community Lending Centers	14,231 Emergency Shelter Grants Program	14,218 Community Development Block Grant/Entitlement Grants	14,233 Supportive Housing Program	14,870 Resident Opportunity and Supportive Services	Central Office Cost Center	Subtotal	Eliminations	Total
70500 All Rental Revenue										
70600 Total Revenue - Other										
70700 Total Rental Revenue										
70800 HUD PHA Operating Grants										
70900 Capital Grants										
70910 Management Fee										
70920 Asset Management Fee										
70930 Book Vending Fee										
70940 First Line Services Fee										
70950 Other Fees										
70970 Total Fee Revenue										
71000 Other Government Grants										
71100 Investment Income - Unrestricted										
71200 Mortgage Interest Income										
71300 Proceeds from Disposition of Assets - Held for Sale										
71400 Cost of Sale of Assets										
71400 Other Revenue										
71500 Gain or Loss on Sale of Capital Assets										
72000 Investment Income - Restricted										
72000 Total Revenue										
81000 Administrative Salaries										
81000 Auditing Fees										
81000 Management Fee										
81010 Bookkeeping Fee										
81000 Advertising and Marketing										
81000 Employee Benefit Contributions - Administrative										
81000 Office Expenses										
81000 Legal Expenses										
81010 Allocated Overhead										
81000 Other										
81000 Total Operating - Administrative										
82000 Asset Management Fee										
82000 Tenant Support Services										
82000 Relocation Costs										
82000 Employee Benefit Contributions - Tenant Services										
82000 Tenant Services - Other										
82000 Total Tenant Services										
83000 Water										
83000 Electricity										
83000 Gas										
83000 Fuel										
83000 Labor										
83000 Sewer										
83700 Employee Benefit Contributions - Utilities										
83800 Other Utilities Expense										
83000 Total Utilities										
84000 Ordinary Maintenance and Operations - Labor										
84000 Ordinary Maintenance and Operations - Materials and Other										
84000 Ordinary Maintenance and Operations - Contracts										
84000 Employee Benefit Contributions - Ordinary Maintenance										
84000 Total Maintenance										
85000 Protective Services - Labor										
85000 Protective Services - Other Contract Costs										
85000 Protective Services - Other										
85000 Employee Benefit Contributions - Protective Services										
85000 Total Protective Services										
86010 Property Insurance										
86010 Liability Insurance										
86010 Workers Compensation										
86010 All Other Insurance										
86010 Total Insurance Premiums										



METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

Nashville, Tennessee

Entity Wide Revenue and Expense Summary  
September 30, 2009

	81,942 Withholding Advances for Income Taxes	84,287 Trans-First Entity Community Housing	14,017 Declaratory Revenue Program	14,231 Employee Shelter Stipend Program	14,218 Community Development Block Grant-Entitlement Grants	14,235 Supportive Housing Program	14,370 Resident Opportunity and Supportive Services	Central Office Cost Center	Subtotal	Eliminations	Total
89000 Other General Expenses											
89210 Compensated Absences	61,822			384				61,114	122,095		35,239,307
89300 Payments in Lieu of Taxes											167,093
89400 Bad Debt - Tenant Benefits											
89500 Bad Debt - Mortgage											
89600 Bad Debt - Other											
89800 Severance Expense											
89900 Total Other General Expenses	61,822			384							
90000 Total Other General Expenses	61,822			384							
90710 Interest of Mortgage (or Bonds) Payable											
90720 Interest on Notes Payable (Short and Long Term)											
90730 Amortization of Bond Issue Costs											
90790 Total Interest Expenses and Amortization Cost											
90900 Total Operating Expenses											
91000 Excess of Operating Revenue over Operating Expenses											
91100 Extraordinary Maintenance											
91200 Casualty Losses - Non-cash											
91300 Housing Assistance Payments											
91400 HOPE Payments											
91500 Reproduction Expenses											
91600 Capital Outlay											
91700 Capital Outlay - Governmental Funds											
91800 Capital Outlay - Other											
91900 Capital Outlay - Other											
92000 Capital Outlay - Other											
92100 Capital Outlay - Other											
92200 Capital Outlay - Other											
92300 Capital Outlay - Other											
92400 Capital Outlay - Other											
92500 Capital Outlay - Other											
92600 Capital Outlay - Other											
92700 Capital Outlay - Other											
92800 Capital Outlay - Other											
92900 Capital Outlay - Other											
93000 Total Expenses											
10010 Operating Transfer In											
10020 Operating Transfer Out											
10030 Operating Transfers from Primary Government											
10040 Operating Transfers from Component Unit											
10050 Proceeds from Notes, Loans and Bonds											
10060 Proceeds from Property Sales											
10070 Extraordinary Items - Net Gain/Loss											
10080 Special Items (Net Gain/Loss)											
10091 Inter Project Excess Cash Transfer In											
10092 Inter Project Excess Cash Transfer Out											
10093 Transfers between Program and Project - In											
10094 Transfers between Project and Program - Out											
10100 Total Other Financing Sources (Uses)											
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses											
11000 Required Annual Debt Principal Payments											
11001 Beginning Liability											
11002 Prior Period Adjustments, Equity Transfer and Correction of Errors											
11003 Changes in Compensated Absence Balances											
11004 Changes in Contingent Liability Balances											
11005 Changes in Special Reserve Balances											
11006 Changes in Special Reserve Balances - Transfers Liability											
11007 Changes in Special Reserve Balances - Transfers Liability											
11008 Changes in Special Reserve Balances - Transfers Liability											
11009 Changes in Special Reserve Balances - Transfers Liability											
11010 Changes in Special Reserve Balances - Transfers Liability											
11011 Administrative Fee Equity											
11012 Housing Assistance Payments Equity											
11013 Unit Month Available											
11014 Number of Unit Months Leased											
11015 Excess Cash											
11016 Building Purchases											
11017 Furniture & Equipment - Dwelling Purchases											
11018 Furniture & Equipment - Administrative Purchases											
11019 Leasedhold Improvements Purchases											
11020 Infrastructure Purchase											
11021 OFFICE Cost Service Payments											
13001 Replacement Housing Factor Funds											

**METROPOLITAN DEVELOPMENT AND HOUSING AGENCY**  
Nashville, Tennessee

Project Balance Sheet Summary  
September 30, 2009

	TN005000001	TN005000002	TN005000005	TN005000003	TN005000004	TN005000006	TN005000007	TN005000008	TN005000009	TN005000010
111 Cash - Unrestricted	\$ 1,243,950	\$ 1,747,593	\$ 1,539,796	\$ 730,798	\$ 3,369,208	\$ 42,830	\$ -	\$ 351,116	\$ 1,968,478	\$ -
112 Cash - Restricted - Modernization and Development	-	-	-	-	-	-	-	-	-	-
113 Cash - Other Restricted	-	-	-	-	-	-	-	-	-	-
114 Cash - Tenant Security Deposits	-	-	-	-	-	-	-	-	-	-
115 Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-	-	-	-	-	-
100 Total Cash	1,243,950	1,747,593	1,539,796	730,798	3,369,208	42,830	-	351,116	1,968,478	-
121 Accounts Receivable - PHA Projects	-	-	-	-	-	-	-	-	-	-
122 Accounts Receivable - HUD Other Projects	-	-	-	-	-	-	-	-	-	-
124 Accounts Receivable - Other Government	-	272,064	-	103,543	613	43,161	8,061	94,599	28,170	-
125 Accounts Receivable - Miscellaneous	-	-	-	-	-	-	-	-	-	-
126 Accounts Receivable - Tenants	-	250	2	-	-	-	-	9	-	-
126.1 Allowance for Doubtful Accounts - Tenants	37,800	49,993	56,391	63,805	32,811	5,049	5,612	10,066	11,400	28,024
126.2 Allowance for Doubtful Accounts - Other	(29,876)	(40,584)	(48,004)	(58,540)	(20,560)	(841)	-	(1,972)	(5,104)	(15,004)
127 Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-	-	-	-	-	-
128 Fraud Recovery	-	-	-	-	-	-	-	-	-	-
128.1 Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	-	-	-	-	-
129 Acquired Interest Receivable	-	12,869	3,658	3,761	2,428	1,599	3,198	12,514	3,282	6,241
120 Total Receivables, Net of Allowances for Doubtful Accounts	29,910	264,991	11,347	112,560	14,271	48,869	16,861	85,241	35,838	19,950
131 Investments - Unrestricted	4,699,124	4,497,921	1,958,897	483,354	2,439,737	518,809	1,039,817	1,405,093	734,587	1,228,263
132 Investments - Restricted	818	-	1,957	-	14,330	-	-	-	90,097	14,745
135 Investments - Restricted for Payment of Current Liability	-	-	-	-	-	-	-	-	-	-
142 Prepaid Expenses and Other Assets	-	-	-	-	-	-	-	-	-	-
143 Inventories	34,187	43,117	26,184	29,278	21,906	8,373	11,263	24,913	13,624	16,894
143.1 Allowance for Obsolete Inventories	-	-	-	-	-	-	-	-	-	-
144 Inter Program Due From	-	-	-	-	-	-	-	-	-	-
145 Assets Held for Sale	-	-	-	-	-	-	-	-	-	-
150 Total Current Assets	5,077,959	5,583,182	3,437,981	1,355,959	5,859,350	820,970	1,087,761	1,896,353	1,946,584	1,715,856
161 Land	1,034,605	3,190,611	821,659	983,140	5,215,892	426,549	116,730	743,807	4,406,512	1,077,302
162 Buildings	23,237,642	35,171,228	27,965,470	18,812,458	39,548,959	4,140,468	5,301,622	13,893,402	30,454,208	14,385,122
163 Furniture, Equipment & Machinery - Dwellings	224,885	216,982	154,205	126,330	152,244	27,670	43,889	94,171	70,778	501,485
164 Furniture, Equipment & Machinery - Administration	-	10,989	6,160	10,300	5,150	-	5,150	10,290	10,289	5,150
165 Leasehold Improvements	-	-	-	-	-	-	-	-	-	-
166 Accumulated Depreciation	(21,128,512)	(19,868,049)	(14,418,183)	(13,398,807)	(6,215,783)	(3,578,709)	(2,882,006)	(10,102,891)	(4,435,590)	(8,400,442)
167 Construction in Progress	119,466	2,398,864	-	1,028,970	86,848	831,423	86,848	774,231	490,369	-
168 Infrastructure	1,422,804	3,326,019	736,670	1,078,101	5,083,893	359,726	145,149	257,222	3,740,389	1,940,479
160 Total Capital Assets, Net of Accumulated Depreciation	4,910,991	28,453,038	14,666,271	5,233,760	41,800,755	1,706,073	1,746,020	5,600,231	34,744,964	9,769,036
171 Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	-	-	-	-	-	-
172 Notes, Loans, & Mortgages Receivable - Non-Current - Past Due	-	-	-	-	-	-	-	-	-	-
173 Grants Receivable - Non-Current	-	-	-	-	-	-	-	-	-	-
174 Other Assets	-	-	-	-	-	-	-	-	-	-
176 Investments in Joint Ventures	-	-	-	-	-	-	-	-	-	-
180 Total Non-Current Assets	4,910,991	28,453,038	14,666,271	5,233,760	41,800,755	1,706,073	1,746,020	5,600,231	34,744,964	9,769,036
190 Total Assets	10,188,950	32,036,220	17,804,252	6,589,719	47,659,105	2,327,043	2,833,781	7,496,584	36,693,548	11,574,732



**METROPOLITAN DEVELOPMENT AND HOUSING AGENCY**  
Nashville, Tennessee

Project Balance Sheet Summary  
September 30, 2009

	TN0050000001	TN0050000002	TN0050000005	TN0050000003	TN0050000004	TN0050000006	TN0050000007	TN0050000008	TN0050000009	TN0050000010
311 Bank Overdraft	\$ 167,317	\$ 334,882	\$ 117,358	\$ 285,128	\$ 100,077	\$ 36,402	\$ 448,140	\$ 160,076	\$ 20,577	\$ 201,657
312 Accounts Payable <= 90 Days	-	-	-	-	-	-	72,202	-	-	21,183
313 Accounts Payable >90 Days Past Due	-	-	-	-	-	-	-	-	-	-
321 Accrued Wage/Payroll Taxes Payable	36,471	45,897	28,245	33,778	21,326	10,083	11,172	26,178	17,007	21,094
322 Accrued Compensated Absences - Current Portion	18,167	35,708	20,045	26,104	23,301	4,478	6,178	19,528	12,327	22,485
324 Accrued Contingency Liability	-	-	-	-	-	-	-	-	-	-
325 Accrued Interest Payable	-	-	-	-	-	-	-	-	-	-
331 Accounts Payable - HUD PHA Programs	-	-	-	-	-	-	-	-	-	-
332 Accounts Payable - PHA Projects	-	-	-	-	-	-	-	-	-	-
333 Accounts Payable - Other Government	-	-	-	-	-	-	-	-	-	-
341 Tenant Security Deposits	131,683	179,593	86,916	103,298	137,528	21,985	38,648	71,567	91,088	76,153
342 Deferred Revenues	8,014	8,834	7,388	5,265	11,322	4,208	8,035	14,528	7,215	10,550
343 Current Portion of Long-term Debt - Capital Projects/Mortgage	-	-	-	-	-	-	-	-	-	-
344 Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-	-	-	-	-	-
345 Other Current Liabilities	-	-	-	-	-	-	-	-	-	-
346 Accrued Liabilities - Other	-	-	-	-	-	-	-	-	-	-
347 Inter Program - Due To	-	-	-	-	-	-	-	-	-	-
348 Loan Liability - Current	-	-	-	-	-	-	-	-	-	-
310 Total Current Liabilities	364,552	604,114	255,652	453,570	293,685	80,164	594,275	262,777	148,825	353,137
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	-	-	-	-	-	-	-
352 Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-	-	-	-	-	-	-
353 Non-current Liabilities - Other	818	-	1,987	-	14,230	-	-	-	98,057	14,745
354 Accrued Compensated Absences - Non Current	64,403	126,601	92,340	92,539	82,814	15,870	21,901	89,237	43,793	79,710
355 Loan Liability - Non Current	-	-	-	-	-	-	-	-	-	-
356 FASB 5 Liabilities	-	-	-	-	-	-	-	-	-	-
357 Accrued Pension and OPEB Liabilities	-	-	-	-	-	-	-	-	-	-
350 Total Non-Current Liabilities	65,227	126,601	94,327	92,539	96,844	15,870	21,904	89,237	141,790	94,453
300 Total Liabilities	429,889	730,715	350,089	546,109	390,529	96,034	616,179	352,014	290,595	447,590
508.1 Invested in Capital Assets, Net of Related Debt	-	-	-	-	-	-	-	-	-	-
509.2 Fund Balance Reserved	4,910,991	26,453,038	14,866,271	6,723,780	41,800,755	1,708,073	1,746,020	5,600,231	34,744,964	9,780,000
511.2 Unreserved, Designated Fund Balance	-	-	-	-	-	-	-	-	-	-
511.1 Restricted Net Assets	816	-	1,937	-	14,230	-	-	-	98,057	14,745
512.1 Unrestricted Net Assets	5,447,282	5,882,477	2,776,065	819,860	5,483,811	524,938	461,482	1,504,339	1,558,942	1,313,291
512.2 Unreserved, Undesignated Fund Balance	-	-	-	-	-	-	-	-	-	-
513 Total Equity/Net Assets	10,359,091	31,305,615	17,443,303	7,543,640	47,260,795	2,231,009	2,207,502	7,104,570	33,402,953	11,127,132
600 Total Liabilities and Equity/Net Assets	10,788,980	32,036,330	17,809,292	8,089,749	47,659,105	2,327,043	2,813,781	7,460,594	38,693,548	11,574,732

**METROPOLITAN DEVELOPMENT AND HOUSING AGENCY**  
Nashville, Tennessee

Project Balance Sheet Summary  
September 30, 2009

	TN005000011	TN005000012	TN005000013	TN005000014	OTHER PROJ	Total
111 Cash - Unrestricted	\$ 2,488					10,758,110
112 Cash - Restricted - Modernization and Development				\$ 239,988	\$ 423,929	
113 Cash - Other Restricted						
114 Cash - Tenant Security Deposits				18,310	2,016,844	2,035,153
115 Cash - Restricted for Payment of Current Liabilities						
100 Total Cash	2,488			239,988	2,440,773	12,793,273
121 Accounts Receivable - PHA Projects						
122 Accounts Receivable - HUD Other Projects		611				519,322
124 Accounts Receivable - Other Government			611			
125 Accounts Receivable - Miscellaneous						
126 Accounts Receivable - Tenants				9,766		260
126.1 Allowance for Doubtful Accounts - Tenants	8,872			(9,568)		315,731
126.2 Allowance for Doubtful Accounts - Other	(4,864)					(235,391)
127 Notes, Loans, & Mortgages Receivable - Current						
128 Fraud Recovery						
128.1 Allowance for Doubtful Accounts - Fraud						
129 Accrued Interest Receivable	2,185					78,029
120 Total Receivables, Net of Allowances for Doubtful Accounts	5,174	611	611	178		675,951
131 Investments - Unrestricted						
132 Investments - Restricted	319,737					19,361,632
135 Investments - Restricted for Payment of Current Liability						129,617
142 Prepaid Expenses and Other Assets						
143 Inventories	8,555			2,016		211,270
143.1 Allowance for Obsolete Inventories						
144 Inter Program Due From						
145 Assets Held for Sale						
150 Total Current Assets	395,822	611	611	280,501	2,440,773	33,202,243
161 Land						
162 Buildings	49,721			3,285,289		21,965,128
163 Furniture, Equipment & Machinery - Dwellings	7,417,168			5,196,799		224,074,892
164 Furniture, Equipment & Machinery - Administration	160,734			77,884		1,567,937
165 Leasehold Improvements	5,150			51,791		118,738
166 Accumulated Depreciation	(4,935,054)			(1,110,800)		(111,093,585)
167 Construction in Progress						5,281,150
168 Infrastructure	53,194			1,055,005		19,390,550
160 Total Capital Assets, Net of Accumulated Depreciation	230,501			9,542,749		160,654,460
171 Notes, Loans and Mortgages Receivable - Non-Current						
172 Notes, Loans, & Mortgages Receivable - Non-Current - Past Due					31,818,431	31,818,431
173 Grants Receivable - Non-Current						
174 Other Assets						
175 Investments in Joint Ventures						
176 Investments in Joint Ventures						
180 Total Non-Current Assets	3,861,482			9,542,749	31,818,431	182,472,091
190 Total Assets	\$ 4,955,404	\$ 611	\$ 611	\$ 9,803,250	\$ 34,259,204	\$ 225,675,134

**METROPOLITAN DEVELOPMENT AND HOUSING AGENCY**  
Nashville, Tennessee

**Project Balance Sheet Summary**  
September 30, 2009

	TN005000011	TN005000012	TN005000013	TN005000014	OTHER PROJ	Total
311 Bank Overdraft	\$ -	\$ 611	\$ 811	\$ -	\$ -	\$ 651,019
312 Accounts Payable <= 90 Days	26,518	-	-	1,435	-	1,344,863
313 Accounts Payable >90 Days Past Due	-	-	-	-	-	-
321 Accrued Wage/Payroll Taxes Payable	8,149	-	-	1,415	-	263,025
322 Accrued Compensated Absences - Current Portion	9,854	-	-	1,303	-	202,573
324 Accrued Contingency Liability	-	-	-	-	-	-
325 Accrued Interest Payable	-	-	-	-	-	-
331 Accounts Payable - HUD PHA Programs	-	-	-	-	-	-
332 Accounts Payable - PHA Projects	-	-	-	-	-	-
333 Accounts Payable - Other Government	-	-	-	-	-	-
341 Tenant Security Deposits	17,261	-	-	3,970	-	900,417
342 Deferred Revenues	3,651	-	-	178	-	89,288
343 Current Portion of Long-term Debt - Capital Projects/Mortgage	-	-	-	-	-	-
344 Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-	-
345 Other Current Liabilities	-	-	-	-	-	-
346 Accrued Liabilities - Other	-	-	-	-	2,018,844	2,018,844
347 Inter Program - Due To	-	-	-	-	-	-
348 Loan Liability - Current	-	-	-	-	-	-
310 Total Current Liabilities	61,711	611	811	8,301	2,018,844	5,528,418
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	-	-	-
352 Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-	-	-
353 Non-current Liabilities - Other	-	-	-	18,319	-	148,136
354 Accrued Compensated Absences - Non Current	24,855	-	-	4,619	-	719,209
355 Loan Liability - Non Current	-	-	-	-	-	-
356 FASB 5 Liabilities	-	-	-	-	-	-
357 Accrued Pension and OPEB Liabilities	24,855	-	-	22,338	-	605,345
350 Total Non-Current Liabilities	86,345	611	611	31,239	2,018,844	6,353,164
300 Total Liabilities	148,056	1,222	1,422	11,540	4,037,688	11,881,582
508.1 Invested in Capital Assets, Net of Related Debt	3,961,482	-	-	8,642,749	-	100,654,460
509.2 Fund Balance Reserved	-	-	-	-	-	-
611.2 Unreserved, Designated Fund Balance	-	-	-	-	-	-
611.1 Unrestricted Net Assets	-	-	-	18,319	-	148,136
512.1 Unrestricted Net Assets	310,559	-	-	210,943	32,242,350	58,477,374
512.2 Unreserved, Undesignated Fund Balance	-	-	-	-	-	-
513 Total Equity/Net Assets	4,272,041	-	-	9,772,011	32,242,350	219,279,970
600 Total Liabilities and Equity/Net Assets	\$ 4,358,404	\$ 611	\$ 611	\$ 9,803,250	\$ 34,259,204	\$ 225,975,134

**METROPOLITAN DEVELOPMENT AND HOUSING AGENCY**

Nashville, Tennessee

Project Revenue and Expense Summary

September 30, 2008

70000 Net Tenant Rental Revenue	TN0050000001	TN0050000002	TN0050000003	TN0050000004	TN0050000005	TN0050000006	TN0050000007	TN0050000008
70400 Tenant Revenue - Other	\$ 1,009,952	\$ 1,294,523	\$ 1,187,813	\$ 1,073,952	\$ 1,068,397	\$ 538,273	\$ 479,284	\$ 1,277,170
70500 Total Tenant Revenue	1,009,952	1,294,523	1,187,813	1,073,952	1,068,397	538,273	479,284	1,277,170
70600 HUD PHA Operating Grants								
70610 Capital Grants	4,671,821	5,512,281	3,397,579	2,843,008	2,768,332	559,981	546,854	1,328,092
70700 Management Fee	16,289	1,772,221		1,483,044		168,911	26,748	594,641
70720 Asset Management Fee								
70730 Book Keeping Fee								
70740 Front Line Service Fee								
70750 Other Fees								
70760 Total Fee Revenue								
70800 Other Government Grants								
71100 Investment Income - Unrestricted	144,450	109,357	55,726	47,315	75,671	13,735	20,051	37,216
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	227,659	297,181	147,442	120,384	65,721	18,859	33,179	55,388
71600 Gain or Loss on Sale of Capital Assets								
72000 Investment Income - Restricted								
72000 Total Revenue	6,079,851	9,346,513	4,753,540	5,670,681	3,972,551	1,385,745	1,039,115	3,332,405
91100 Administrative Salaries	316,148	404,770	220,832	251,808	207,834	72,131	107,368	218,748
91200 Auditing Fees	6,471	9,709	6,365	6,574	6,646	2,801	2,484	5,869
91300 Management Fee	484,773	550,974	351,134	390,305	377,906	147,002	140,703	337,265
91310 Book Keeping Fee	61,016	73,048	47,817	48,301	50,113	18,514	18,613	44,772
91400 Advertising and Marketing	1,900	3,860	710	3,869	3,869	1,688	2,464	3,602
91500 Employee Benefit Contributions - Administrative	100,266	114,237	80,862	75,704	60,763	25,759	34,777	60,335
91600 Office Expenses	39,889	64,441	45,302	60,954	42,072	15,215	13,023	40,595
91700 Legal Expense	41,333	32,754	22,262	55,091	14,491	2,569	13,019	7,981
91800 Travel	1,274	4,500	1,378	844	167	305	1,385	81
91810 Allocated Overhead								
91900 Other	104,332	110,363	68,369	110,611	48,360	17,024	16,750	48,123
91900 Total Operating - Administrative	1,411,340	1,868,778	892,501	933,301	803,300	305,009	352,649	773,897
92000 Asset Management Fee								
92100 Tenant Services - Salaries								
92200 Relocation Costs								
92300 Employee Benefit Contributions - Tenant Services								
92400 Tenant Services - Other								
92500 Total Tenant Services								
93100 Water	307,126	460,329	295,146	392,955	112,483	68,305	59,255	117,486
93200 Electricity	537,342	673,466	757,921	533,811	533,811	317,202	254,103	507,721
93300 Gas	402,211	378,153	5,966	121,369	3,275	2,871		9,501
93400 Fuel								
93500 Labor								
93600 Sewer								
93700 Employee Benefit Contributions - Utilities								
93800 Other Utilities Expense								
93900 Total Utilities	1,246,679	1,512,950	1,013,541	1,048,225	649,617	393,341	313,358	674,108
94100 Ordinary Maintenance and Operations - Labor	492,253	765,189	451,530	531,330	320,015	135,324	169,534	384,407
94200 Ordinary Maintenance and Operations - Materials and Other	324,430	399,855	179,814	123,945	133,475	73,775	73,831	87,294
94300 Ordinary Maintenance and Operations Contracts	749,072	814,325	590,073	301,170	217,101	101,101	101,101	125,101
94500 Employee Benefit Contributions - Ordinary Maintenance	232,280	233,359	189,966	189,966	118,499	59,100	53,588	124,358
94600 Total Maintenance	1,844,565	2,313,529	1,392,481	1,056,316	649,617	393,341	497,057	1,224,001
95100 Protective Services - Labor								
95200 Protective Services - Other Contract Costs								
95300 Protective Services - Other	66,446	113,111	94,405	124,447	101,501	49,597	62,200	109,973
95500 Employee Benefit Contributions - Protective Services								
95600 Total Protective Services	66,446	113,111	94,405	124,447	101,501	49,597	62,200	109,973
96110 Property Insurance	31,160	34,941	20,709	23,429	24,092	9,934	13,002	33,442
96120 Liability Insurance	2,616	2,616	1,698	1,698	1,698	700	685	15,682
96130 Workers Compensation	24,876	27,322	16,218	20,220	11,493	5,608	6,824	13,044
96140 All Other Insurance	6,654	6,654	2,468	2,468	2,468	565	565	1,879
96100 Total Insurance Premiums	65,299	67,531	59,681	63,625	49,753	23,446	27,076	64,117

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

Nashville, Tennessee

Project Revenue and Expense Summary

September 30, 2008

98200 Other General Expenses	TN050000001	TN050000002	TN050000004	TN050000003	TN050000006	TN050000007	TN050000008
98210 Compensated Absences	10,039	218,397	12,862	10,781	3,671	919	3,600
98300 Payments in Lieu of Taxes	-	3,079	-	(23,553)	18,354	(544)	5,472
98400 Bad debt - Tenant Rents	-	-	-	-	-	-	-
98500 Bad debt - Mortgages	-	-	-	-	-	-	-
98600 Bad debt - Other	-	-	-	-	-	-	-
98800 Severance Expense	-	-	-	-	-	-	-
99000 Total Other General Expenses	10,039	221,416	12,862	(12,772)	22,028	271	8,472
99710 Interest of Mortgage (or Bonds) Payable	-	-	-	-	-	-	-
99720 Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-	-
99730 Amortization of Bond Issue Costs	-	-	-	-	-	-	-
99700 Total Interest Expense and Amortization Cost	-	-	-	-	-	-	-
99900 Total Operating Expenses	4,849,955	6,055,592	3,742,704	4,285,435	2,461,370	1,312,480	2,843,608
97000 Excess of Operating Revenue over Operating Expenses	1,500,848	3,659,611	1,099,638	1,201,218	1,461,161	73,255	399,510
187100 Extraordinary Maintenance	-	-	-	-	-	-	-
97200 Casualty Losses - Non-capitalized	-	-	-	-	-	-	-
97300 Housing Assistance Payments	-	-	-	-	-	-	-
97350 HAP Portability-In	-	-	-	-	-	-	-
97400 Depreciation Expense	54,717	1,471,688	1,276,958	67,466	1,760,597	175,275	502,870
97500 Fraud Losses	-	-	-	-	-	-	-
97600 Capital Outlays - Governmental Funds	-	-	-	-	-	-	-
97700 Debt Principal Payment - Governmental Funds	-	-	-	-	-	-	-
97800 Dwelling Units Rent Expense	-	-	-	-	-	-	-
99000 Total Expenses	5,095,680	7,457,590	5,019,590	4,987,002	4,251,997	1,484,735	3,405,956
10010 Operating Transfer In	21,340	263,070	159,834	37,212	1,087,816	683,113	240,270
10020 Operating Transfer Out	(645,071)	(692,359)	(400,337)	(246,620)	(238,110)	(723,746)	(315,411)
10030 Operating Transfers from/to Primary Government	-	-	-	-	-	-	-
10040 Operating Transfers from/to Component Unit	-	-	-	-	-	-	-
10050 Proceeds from Notes, Loans and Bonds	-	-	-	-	-	-	-
10060 Proceeds from Property Sales	-	-	-	-	-	-	-
10070 Extraordinary Items, Net Gain/Loss	-	-	-	-	-	-	-
10080 Special Items (Net Gain/Loss)	-	-	-	-	-	-	-
10091 Inter Project Excess Cash Transfer In	-	-	-	-	-	-	-
10092 Inter Project Excess Cash Transfer Out	-	-	-	-	-	-	-
10093 Transfers between Program and Project - In	-	-	-	-	-	-	-
10094 Transfers between Program and Project - Out	-	-	-	-	-	-	-
10100 Total Other financing Sources (Uses)	(430,731)	(384,724)	(243,503)	25,142	809,702	39,373	(78,141)
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	555,438	1,793,188	(510,525)	538,893	530,296	(69,647)	(222,259)
11020 Required Annual Debt Principal Payments	-	-	-	-	-	-	-
11030 Beginning Equity	9,883,166	20,512,326	17,851,038	8,385,281	44,469,803	2,255,550	7,044,127
11040 Prior Period Adjustments, Equity Transfers and Correction of	(62,613)	-	-	5,000	2,088,697	35,099	312,750
11050 Changes in Compensated Absence Balance	-	-	-	-	-	-	-
11060 Changes in Contingent Liability Balance	-	-	-	-	-	-	-
11070 Changes in Unrecognized Pension Transaction Liability	-	-	-	-	-	-	-
11080 Changes in Special Term/Servance Benefits Liability	-	-	-	-	-	-	-
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents	-	-	-	-	-	-	-
11100 Changes in Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-
11170 Administrative Fee Equity	-	-	-	-	-	-	-
11180 Housing Assistance Payments Equity	-	-	-	-	-	-	-
11190 Unit Months Available	8,008	9,772	6,432	8,239	6,709	3,513	5,703
11210 Number of Unit Months Leased	5,123	9,630	8,363	9,205	8,009	2,470	5,953
11270 Excess Cash	5,108,114	(383,394)	(280,510)	5,328,405	420,288	369,106	1,322,155
11610 Land Purchases	-	-	-	-	-	-	-
11620 Building Purchases	-	-	-	-	-	-	-
11630 Furniture & Equipment - Dwelling Purchases	418,722	1,874,231	2,000,516	54,495	97,094	104,211	602,841
11640 Furniture & Equipment - Administrative Purchases	18,940	-	5,475	-	-	5,253	5,975
11650 Leasehold Improvements Purchases	-	-	-	-	-	-	-
11660 Infrastructure Purchases	-	-	-	-	-	-	-
13510 CFFP Debt Service Payments	-	-	-	-	-	-	-
13901 Replacement Housing Factor Funds	-	-	-	-	-	-	-

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

Nashville, Tennessee

Project Revenue and Expense Summary

September 30, 2009

	TN05000009	TN05000010	TN05000011	TN05000012	TN05000013	TN05000014	OTHER PROJ	Total
70300 Net Tenant Rental Revenue	\$ 492,350	\$ 470,085	\$ 507,776				\$ 68,820	\$ 9,215,497
70400 Tenant Revenue - Other								
70500 Total Tenant Revenue	492,350	470,085	507,776				68,820	9,215,497
70600 HUD PHA Operating Grants	1,051,668	1,000,078	578,918	60,333	120,322	110,429	621,662	35,557,948
70610 Capital Grants	2,863,505		9,669					6,679,916
70700 Management Fee								
70720 Asset Management Fee								
70730 Book Keeping Fee								
70740 Front Line Service Fee								
70750 Other Fees								
70760 Total Fee Revenue								
70800 Other Government Grants								
71100 Investment Income - Unrestricted	32,641	43,048	11,650			2,550	1,618	601,006
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	62,436	63,371	78,187			5,719	813,388	2,011,775
71600 Gain or Loss on Sale of Capital Assets								61,117
72000 Investment Income - Restricted								
70000 Total Revenue	4,220,022	1,600,583	889,290	60,333	120,322	130,817	1,489,568	44,394,088
91100 Administrative Salaries	132,319	236,289	69,098			16,272		2,292,262
91200 Auditing Fees	3,619	4,351	1,738			472		56,955
91300 Management Fee	200,007	247,704	98,384	20,223	40,743	3,817		3,393,580
91310 Book-keeping Fee	28,326	32,853	13,931					420,531
91400 Advertising and Marketing	82		171					18,446
91500 Employee Benefit Contributions - Administrative	52,293	66,090	30,279			3,393		711,517
91600 Office Expenses	37,631	32,154	18,065			1,840		410,325
91700 Legal Expense	36,433	13,814	3,878			2,174		246,887
91800 Travel	1,570	10						11,714
91810 Allocated Overhead								
91900 Other	29,208	24,522	12,242			3,147		598,600
91000 Total Operating - Administrative	618,883	697,755	244,704	20,223	40,743	57,392		8,151,236
92000 Asset Management Fee								
92100 Tenant Services - Salaries	39,831		19,108					147,877
92200 Relocation Costs	6,400		10,500					89,000
92300 Employee Benefit Contributions - Tenant Services	15,022		4,185					48,170
92400 Tenant Services - Other	3,914	7,895	3,069			609		149,710
92500 Total Tenant Services	64,037	7,895	35,862			869		427,532
93100 Water	28,718	6,693	33,819			160		1,844,032
93200 Electricity	81,697	24,595	220,218			1,783		4,977,591
93300 Gas	10,797	3,725	13,506					840,507
93400 Fuel								
93500 Labor								
93600 Sewer								
93700 Employee Benefit Contributions - Utilities								
93800 Other Utilities Expense								
93900 Total Utilities	129,212	35,128	207,445			1,949		7,771,746
94100 Ordinary Maintenance and Operations - Labor	172,455	318,601	93,897			2,715		4,050,182
94200 Ordinary Maintenance and Operations - Materials and Other	137,693	213,308	62,691			5,167		2,050,847
94300 Ordinary Maintenance and Operations - Contracts	24,426	39,816	20,345			97,150		5,294,915
94500 Employee Benefit Contributions - Ordinary Maintenance	73,951	103,027	39,816			4,955		1,383,312
94000 Total Maintenance	652,155	1,274,752	469,535			16,417		12,895,059
95100 Protective Services - Labor								
95200 Protective Services - Other Contracted Costs	93,465	7,778	52,167			3,076		806,631
95300 Protective Services - Other								
95500 Employee Benefit Contributions - Protective Services								
95000 Total Protective Services	93,465	7,778	52,167			3,076		806,631
96110 Property Insurance	1,462	1,415	14,889			2,914		27,817
96120 Liability Insurance	120,649	1,718	6,864			1,294		160,805
96130 Workmen's Compensation	7,374	1,121	3,377					182,400
96140 All Other Insurance	1,469		455					22,385
96100 Total Insurance Premiums	35,321	4,156	25,185			5,128		579,409

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

Nashville, Tennessee

Projected Revenue and Expense Summary

September 30, 2009

	TN005000008	TN005000010	TN005000011	TN005000012	TN005000013	TN005000014	OTHER PROJ	Total
96200 Other General Expenses	23,932							988,625
96210 Compensated Absences	9,659	(2,860)	3,116	48,110	79,579	3,669	579,484	43,789
96300 Payments in Lieu of Taxes								
96400 Bad debt - Tenant Rents								
96500 Bad debt - Mortgages								
96600 Bad debt - Other								
96800 Severance Expense	33,882	(2,661)	6,173	48,110	79,579	3,669	579,484	1,010,314
96900 Total Other General Expenses								
99710 Interest on Mortgage (or Bonds) Payable								
99720 Interest on Notes Payable (Short and Long Term)								
99730 Amortization of Bond Issue Costs								
99700 Total Interest Expense and Amortization Cost								
99800 Total Operating Expenses	1,501,696	1,559,061	1,101,692	60,333	120,322	190,839	579,484	31,692,888
97000 Excess of Operating Revenue over Operating Expenses	2,728,338	953,370	(115,310)			(322)	857,104	12,392,000
97100 Extraordinary Maintenance								
97200 Casualty Losses - Non-capitalized								
97300 Housing Assistance Payments								
97350 HAP Portability-In								
97400 Depreciation Expense	1,182,888	413,130	223,337			200,367		8,708,128
97500 Fraud Losses								
97600 Capital Outlays - Governmental Funds								
97700 Debt Principal Payment - Governmental Funds								
97800 Dwelling Units Rent Expense								
99000 Total Expenses	2,684,551	2,374,081	1,324,937	60,333	120,322	391,206	579,484	40,401,024
10010 Operating Transfer In								
10020 Operating Transfer Out	200,266	442,080	176,066			54,008		3,445,421
10030 Operating Transfers from/to Primary Government	(88,879)	(100,880)	(79,370)			(1,117)	(844,422)	(1,041,686)
10040 Operating Transfers from/to Component Unit								
10050 Proceeds from Notes, Loans and Bonds								
10060 Proceeds from Property Sales								
10070 Extraordinary Items, Net Gain/Loss								
10080 Special Items (Net Gain/Loss)								
10091 Inter Project Excess Cash Transfer In								
10092 Inter Project Excess Cash Transfer Out								
10093 Transfers between Program and Project - In								
10094 Transfers between Project and Program - Out								
10100 Total Other Financial Sources (Uses)	111,423	335,200	87,698			43,389	(844,422)	(636,039)
10500 Excess Deficiency of Total Revenue Over (Under) Total	1,876,881	(431,309)	(240,551)			(155,309)	(87,318)	3,087,825
11020 Required Annual Debt Principal Payments								
11030 Beginning Equity								
11040 Prior Period Adjustments, Equity Transfers and Correction of	34,726,072	11,559,400	4,487,039			9,929,311	32,320,078	213,557,482
11050 Changes in Compensated Absence Balance			15,650					2,824,509
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								
11180 Housing Assistance Payments Equity								
11190 Unit Months Available	2,766	4,404	1,638	1,022	3,184	489		62,544
11210 Number of Unit Months Leased	2,600	4,308	1,609	1,031	3,166	476		61,444
11270 Excess Cash	1,595,187	1,234,190	237,766			218,764	(1,941,233)	13,269,927
11610 Land Purchases								38,179
11620 Building Purchases	2,693,505	7,830	30,687					3,359,895
11630 Furniture & Equipment - Dwelling Purchases								40,580
11640 Furniture & Equipment - Administrative Purchases								
11650 Leasehold Improvements Purchases								
11660 Infrastructure Purchases								
13510 CFFP Debt Service Payments								
13901 Replacement Housing Factor Funds								