

**METROPOLITAN DEVELOPMENT
AND HOUSING AGENCY**

NASHVILLE, TENNESSEE

**ANNUAL FINANCIAL REPORT
AND OTHER FINANCIAL INFORMATION**

SEPTEMBER 30, 2012

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

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METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

INTRODUCTION

The Metropolitan Housing and Development Agency ("MDHA" or the "Agency") is pleased to present its Annual Financial Report and Other Financial Information for the year ended September 30, 2012.

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.

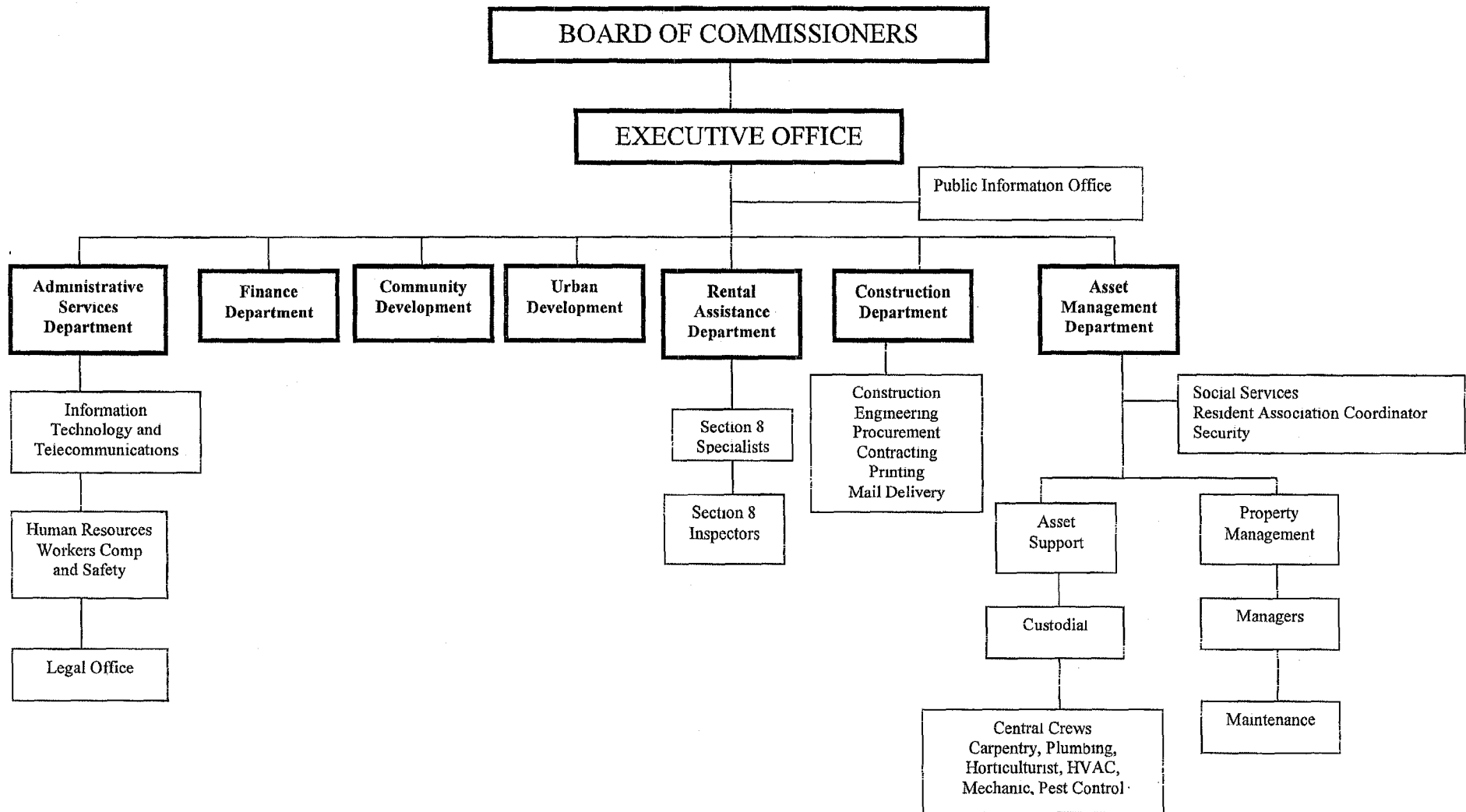
MDHA's system of internal accounting control is evaluated on an ongoing basis by MDHA's internal financial staff. McCauley, Nicolas & Company, LLC, our external auditors, also consider certain elements of the internal control system in order to determine their auditing procedures for the purpose of expressing 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, 2012, 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, 2012, financial statements is included in this report.

ORGANIZATIONAL CHART
METROPOLITAN DEVELOPMENT AND HOUSING AGENCY



METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

BOARD OF COMMISSIONERS

September 30, 2012

Ralph Mosley, Chair
Jimmy Granbery Vice Chair for Development
Melvin C. Black, Vice Chair for Housing
Miniimah Basheer, Commissioner
Gayle Fleming, Commissioner
Anna Page, Commissioner
Gif Thornton, Commissioner

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Metropolitan Development and Housing Agency
Nashville, Tennessee

We have audited the accompanying financial statements of the Metropolitan Development and Housing Agency (the "Agency"), a component unit of the Metropolitan Government of Nashville and Davidson County, Tennessee, as of and for the year ended September 30, 2012, as listed in the table of contents. 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 audit 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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, 2012, and the changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 2, 2013, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 10 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for forming an opinion on the financial statements of the Metropolitan Development and Housing Agency as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Additionally, the accompanying Financial Data Schedule and the Schedule of Actual Costs for the Specified Project from Inception of the Project Through Completion are presented for purposes of additional analysis and are not a required part of the financial statements. The Schedule of Expenditures of Federal Awards, the Financial Data Schedule, the Schedule of Actual Costs for the Specified Project from Inception of the Project Through Completion are the responsibility of management, were derived from, and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

McCauley, Nicolas & Company, LLC

McCauley, Nicolas & Company, LLC
Certified Public Accountants

Jeffersonville, Indiana
January 2, 2013

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 years ended September 30, 2012 and 2011. Please read this analysis in conjunction with the Agency's financial statements and accompanying notes.

FINANCIAL HIGHLIGHTS

Fiscal year 2012:

The Agency's total net assets increased \$2 million or .6%, in part as a result of the following:

- Cash and Investments decreased \$18.3 million (18%)
- Bonds, Notes and Other Liabilities decreased \$6.3 million (7%)
- Operating Revenues decreased \$38.3 million (26%)
- Operating Expenses decreased \$22.7 million (17%)
- Operating Gain decreased \$15.6 million (>100%)
- Governmental Capital Contributions decreased \$9.9 million (56%)

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. It presents the financial position of the Agency on a full accrual historical cost basis. 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 2012 as compared to fiscal year 2011:

	2012	2011	% Increase (Decrease)
Current Assets	\$ 93,709,553	\$ 112,149,695	(16) %
Noncurrent Assets			
Capital Assets	270,758,230	\$ 263,218,528	3 %
Other Assets	<u>72,244,885</u>	<u>\$ 65,677,813</u>	10 %
Total Assets	<u>\$ 436,712,668</u>	<u>\$ 441,046,036</u>	(1) %
 Bonds and Notes Payable	 \$ 71,980,760	 \$ 78,082,816	 (8) %
Other Liabilities	<u>22,014,356</u>	<u>22,216,741</u>	(2) %
Total Liabilities	<u>\$ 93,995,116</u>	<u>\$ 100,299,557</u>	(6) %
 Net Assets Invested in Capital Assets	 \$ 252,328,209	 \$ 241,657,382	 4 %
Net Assets Restricted for Other Purposes	3,445,586	1,673,618	>100 %
Unrestricted Net Assets	<u>86,943,757</u>	<u>97,415,479</u>	(11) %
Total Net Assets	<u>\$ 342,717,552</u>	<u>\$ 340,746,479</u>	1 %

The Agency's total net assets increased \$2 million, or .6%, in part as a result of the following:

- Restricted cash decreased and notes receivable increased \$8 million due to the funding of a special project financed by tax increment financing
- Unrestricted cash decreased \$10 million due to decrease of operating funding for the low rent housing program and the principal payments on tax increment financing notes
- Notes payable decreased \$7 million due to the debt payments on a convention center hotel

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL ANALYSIS OF THE AGENCY (CONTINUED)

Revenues, Expenses and Changes in Net Assets

Fiscal year 2012 as compared to fiscal year 2011:

	2012	2011	% Increase (Decrease)
Operating Revenues			
Rentals	\$ 10,692,770	\$ 10,438,631	2 %
Governmental Operating Revenue	82,336,430	107,473,782	(23) %
Local Government Development Activities	9,014,471	23,577,921	(62) %
Other	7,823,673	6,663,814	14 %
Total Operating Revenues	<u>109,867,344</u>	<u>148,154,148</u>	(26) %
Operating Expenses:			
Administrative expenses	15,311,681	16,818,840	(9) %
Other	96,545,511	117,707,106	(18) %
Total Operating Expenses	<u>111,857,192</u>	<u>134,525,946</u>	(17) %
Operating Gain (Loss)	<u>(1,989,848)</u>	<u>13,628,202</u>	(115) %
Capital Contributions	7,655,032	17,532,230	(56) %
Nonoperating Revenues	(3,694,111)	4,394,922	(184) %
Total Nonoperating Revenues	<u>3,960,921</u>	<u>21,927,152</u>	(82) %
Change in Net Assets	<u>\$ 1,971,073</u>	<u>\$ 35,555,354</u>	(94) %

The decrease in local government development activities revenue and administrative and other operating expenses is due to the waterfront redevelopment project.

The decrease in governmental operating revenues and capital contributions and other operating expenses is a result of the completion of grants funded by the American Reinvestment and Recovery Act.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

CAPITAL ASSETS

Fiscal year 2012 as compared to fiscal year 2011:

	2012	2011	% Increase (Decrease)
Land	\$ 82,353,826	\$ 77,928,605	6 %
Infrastructure	21,155,548	21,155,548	- %
Buildings	284,480,557	271,318,540	5 %
Equipment	4,091,985	4,580,095	(11) %
Construction in progress	18,636,029	21,035,348	(11) %
Total	410,717,945	396,018,136	4 %
Less Accumulated Depreciation	(139,959,715)	(132,799,608)	5 %
Net Capital Assets	<u>\$ 270,758,230</u>	<u>\$ 263,218,528</u>	3 %

Capital assets increased \$7.5 million, or 3% during fiscal year 2012. During fiscal year 2012, the Agency expended \$19 million on capital activities. This included \$596,000 for roof replacement at Andrew Jackson Homes, \$2 million of emergency electrical repairs at Parthenon Towers as a result of fire damage, \$200,000 for design services for renovations at Scattered Sites, \$4.4 million for work on greenway improvements, \$5.2 million for development of Uptown apartments, and \$6.4 million for major capital renovations at Edgefield Manor, Hadley Park Towers, Gernert Studio Apartments, Madison Towers, Parthenon Towers, and Vine Hill Towers.

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

Depreciation expense on capital assets totaled \$10.9 million during fiscal year 2012.

DEBT ADMINISTRATION

Fiscal year 2012 as compared to fiscal year 2011:

	2012	2011	% Increase (Decrease)
Total Notes Payable - other	<u>\$ 71,980,760</u>	<u>\$ 78,082,816</u>	(8) %

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DEBT ADMINISTRATION (CONTINUED)

At September 30, 2012, the Agency's note principal and interest outstanding totaled \$72 million – a decrease of 8% from the prior year. The notes payable includes a promissory note secured by 76 (3-bedroom) apartments; a promissory note secured by the Levy Place Apartments; and a promissory note secured by the J. Henry Hale Apartments. Also included in the notes payable is the tax exempt municipal lease purchase financing contract of \$8 million and a \$57.5 million loan for the construction of a convention center hotel and expansion of the Country Music Hall of Fame, secured by revenue generated by tax increment properties in the Capitol Mall Redevelopment district.

NEW BUSINESS

MDHA is constructing the Uptown Flats, a three story, seventy two (72) residential unit apartment complex at 1503 Dickerson Road. Funding for this project includes \$5,000,000 from the Neighborhood Stabilization Program 2 (NSP) and a loan of \$3.2 million from Suntrust Bank. Completion is scheduled for 2013.

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, 2012

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	42,366,944
Restricted cash and cash equivalents		35,276,965
Investments, at fair value		4,358,823
Receivables:		
Tenant, net of allowances		60,265
Amounts due from other governmental agencies		5,861,126
Current portion of notes receivable, net of allowances		173,245
Interest on investments		31,799
Other		1,972,725
Inventory		2,884,806
Prepaid expenses		722,855

TOTAL CURRENT ASSETS		<u>93,709,553</u>
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CAPITAL ASSETS, NET		<u>270,758,230</u>
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NONCURRENT ASSETS

Investments, equity method		508,782
Notes receivable, net of allowances		<u>71,736,103</u>

TOTAL NONCURRENT ASSETS		<u>72,244,885</u>
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TOTAL ASSETS	\$	<u><u>436,712,668</u></u>
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The accompanying notes are an integral part of this financial statements.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

STATEMENT OF NET ASSETS (CONTINUED)

SEPTEMBER 30, 2012

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Funds held for others	\$ 4,929,476
Accounts payable	7,043,826
Contract retention payable	138,617
Compensated absences payable	737,244
Accrued liabilities	1,414,403
Due to tenants	1,066,994
Deferred revenue	78,273
Due to other governments	4,138,493
Current portion of long-term debt	<u>6,504,275</u>

TOTAL CURRENT LIABILITIES 26,051,601

NONCURRENT LIABILITIES

Deposits	571,259
Long-term debt, less current maturities	65,476,485
Long-term compensated absences payable	<u>1,895,771</u>

TOTAL NONCURRENT LIABILITIES 67,943,515

TOTAL LIABILITIES 93,995,116

NET ASSETS

Invested in capital assets, net of related debt	252,328,209
Restricted for other purposes	3,445,586
Unrestricted	<u>86,943,757</u>

TOTAL NET ASSETS 342,717,552

TOTAL LIABILITIES AND NET ASSETS \$ 436,712,668

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

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

OPERATING REVENUES	
Rentals	\$ 10,692,770
Governmental operating revenue	82,336,430
Program income	371,152
Local government development activities	9,014,471
Other income	<u>7,452,521</u>
TOTAL OPERATING REVENUES	<u>109,867,344</u>
OPERATING EXPENSES	
Cost of Services:	
Tenant services	971,566
Utilities	7,107,190
Ordinary maintenance and operations	13,052,229
Protective services	1,032,615
Other direct program costs	26,434,090
Housing assistance payments	37,068,752
Administration	15,311,681
Depreciation	<u>10,879,069</u>
TOTAL OPERATING EXPENSES	<u>111,857,192</u>
OPERATING LOSS	<u>(1,989,848)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	646,563
Impairment allowance on notes receivable	(162,861)
Loss on disposition of assets	(1,194,005)
Interest expense	<u>(2,983,808)</u>
TOTAL NONOPERATING REVENUES - NET	<u>(3,694,111)</u>
DECREASE IN NET ASSETS BEFORE CAPITAL CONTRIBUTIONS	(5,683,959)
Capital Contributions	<u>7,655,032</u>
INCREASE IN NET ASSETS	1,971,073
NET ASSETS - BEGINNING OF YEAR	<u>340,746,479</u>
NET ASSETS - END OF YEAR	<u>\$ 342,717,552</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, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from rental operations	\$ 10,692,703
Receipts from program income	376,971
Receipts from government subsidy for operations	87,173,065
Receipts from local governmental development activities	5,330,141
Receipts from other	5,068,683
Receipts from inventory sales	732,500
Payments for inventory purchases	(199,926)
Payments to and on behalf of employees	(19,481,130)
Payments for other administrative expenses	(2,616,074)
Payments for other direct program costs, including housing assistance payments	(78,733,683)
Program loan activities:	
Cash expended for program loans	(8,172,803)
Principal collections on notes receivable	284,354
Interest income collections	<u>131,461</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES 586,262

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Receipts from governmental capital grants	7,688,943
Purchases of capital assets	(19,378,815)
Proceeds from capital debt	1,414,500
Proceeds from sale of capital assets	1,545,800
Principal paid on capital debt	(7,516,556)
Interest paid on capital debt	<u>(3,318,120)</u>

NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES (19,564,248)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of investments	(6,300,808)
Proceeds from the sales and maturities of investments	6,248,996
Interest received	<u>650,150</u>

NET CASH PROVIDED BY INVESTING ACTIVITIES 598,338

NET INCREASE IN CASH AND CASH EQUIVALENTS (18,379,648)

CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR 96,023,557

CASH AND CASH EQUIVALENTS - END OF YEAR \$ 77,643,909

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

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED SEPTEMBER 30, 2012

RECONCILIATION OF OPERATING LOSS TO NET CASH

PROVIDED BY OPERATING ACTIVITIES

Operating loss	\$ (1,989,848)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation expense	10,879,069
Bad debt expense	1,787,035
Changes in assets and liabilities:	
Increase in accounts receivable	(899,522)
Increase in inventories	323,704
Increase in prepaid expenses and other assets	(200,399)
Increase in due to tenants	59,254
Decrease in accounts payable and amounts due to other governments	(1,499,333)
Increase in deferred revenue and other deposits	(78,140)
Increase in accrued liabilities and compensated absences	76,657
Program loan activities:	
Cash expended for program loans	(8,172,803)
Principal collections on notes receivable	<u>300,588</u>
TOTAL ADJUSTMENTS	<u>2,576,110</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 586,262</u>

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

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF THE AGENCY

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

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

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 Certification (AC) 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 non-operating 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 non-operating 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)

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 HUD. The goals of these programs are to address the problems of affordable housing, homelessness, community development needs, and economic opportunities for all citizens, particularly for very low-income and low-income persons.

LOCAL PROGRAMS

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

BUSINESS ACTIVITIES

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

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 \$2,878,374 for tenant accounts receivable has been provided by management at September 30, 2012.

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.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Inventory

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

Provision for uncollectible notes

A note receivable is considered impaired when, based on current information, it is probable that all amounts of principal and interest due will not be collected according to the terms of the note agreement. 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 \$17,382,830 at September 30, 2012.

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.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of estimates in preparation of financial statements

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

Restricted Assets

Restricted assets consist of cash and certificate of deposits, which are legally restricted. The restricted assets are to be used for purposes specified under the Housing Choice Voucher or Family Self Sufficiency programs for certificates of deposit. The restricted assets also include escrow accounts for the loan proceeds to be used for the construction of the convention center hotel. 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. Restricted assets totaled \$35,276,965.

Bank Overdraft Reporting

The Agency utilizes two bank accounts for disbursing funds and each program draws from these two accounts. Due to pending drawdowns and requests for reimbursements, a program might reflect negative cash, even though the Agency as a whole is reporting sufficient unrestricted cash. Our audited financial statements are reported at entity level, therefore the net cash balance is reported. HUD reporting is done by program and does not allow negative amounts to be input into the cash field, consequently we "reclass" the negative cash for programs that have to be reported separately as bank overdraft. Unrestricted cash per financial statements as of September 30, 2012 is \$42,366,944. Unrestricted cash for REAC reporting is \$40,924,618 with federal grants reporting bank overdrafts of \$1,442,326.

Tenant Accounts Receivable Net of Bad Debt Expense

The State of Tennessee Comptroller's Office review of our 2004 audited financial statements cited that in accordance with Governmental Accounting Standards Board Statement No. 34, revenues in proprietary funds should be reported as net of all related allowances, which include amounts pertaining to uncollectible accounts. Therefore, the increase and decrease in the estimate of uncollectible accounts should be reported net of revenue instead of bad debt expense. The Agency's bad debt expense charged against revenue was \$662,283 for the year ended September 30, 2012.

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.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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.

B. Interest Rate Risk

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

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

C. Credit Risk

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

D. Concentration of Credit Risk

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

E. Foreign Currency Risk

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

Schedule of restricted cash with offsetting liability or restricted net assets as of September 30, 2012:

Funds held for others	\$ 4,929,476
Deposits	571,259
Due to resident councils	536,380
Net Asset: restricted for other purposes	3,445,586
Current and long-term debt for energy performance note	4,455,755
Current and long-term debt for Omni Hotel	21,338,509
	<hr/>
	\$ 35,276,965

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

Funds held for others \$4,929,476 are cash and cash equivalents held in MDHA's name and managed by the Agency under a 'Memorandum of Understanding' (MOU) for the benefit of certain not-for-profit organizations and affiliate entities.

Deposits of \$571,259 are held for participants in the HUD Family Self-Sufficiency program.

Amounts due to resident councils of \$536,380 are tenant participation funds from HUD which are held for use by the duly elected resident councils.

Net Assets restricted for other purposes of \$3,445,586 are excess Section 8 housing assistance funds under the Housing Choice Voucher program.

Current and long-term debt for repayment of the energy performance note of \$4,455,755 is included in restricted cash for the asset management properties.

Current and long-term debt for the Omni Hotel of \$21,338,509 include debt proceeds being held in an escrow account for Omni Nashville, LLC, the developer and owner of the convention center hotel.

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, 2012, 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. Citizens Bank has 100% of the Agency's investments as of September 30, 2012 consisting of certificates of deposit.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

At September 30, 2012, the future maturities of MDHA's investments are as follows:

Type of Investment	Carrying Amount	Maturity Fiscal 2012	Not Subject to Maturity
Certificates of Deposit	\$ 4,358,823	\$ 4,358,823	\$ -
Investment in Park at Hillside, LLC	<u>508,782</u>	<u>-</u>	<u>508,782</u>
TOTAL	<u>\$ 4,867,605</u>	<u>\$ 4,358,823</u>	<u>\$ 508,782</u>

NOTE 4 - FAIR VALUE MEASUREMENT

The financial statements reflect the adoption of a new accounting standard related to fair value measurements, which provides a comprehensive framework for measuring fair value and expands required disclosures concerning fair value measurements. Specifically, the standard sets forth a definition of fair value and establishes a hierarchy prioritizing the inputs to valuation techniques, giving the highest priority to quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable value inputs. The adoption of the standard did not have a material impact on the Agency's financial statements.

The Standard defines levels within the hierarchy of inputs as follows:

Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets

Level 2 – Quoted prices for similar assets and liabilities in active markets (other than those included Level 1) which are observable for the asset or liability, either directly or indirectly

Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable

Fair values of financial assets measured on a recurring basis at September 30, 2012 consisted of the following:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of Deposit	\$ 4,358,823	\$ 4,358,823	\$ -	\$ -
Investment in Park at Hillside, LLC	<u>508,782</u>	<u>-</u>	<u>-</u>	<u>508,782</u>
	<u>\$ 4,867,605</u>	<u>\$ 4,358,823</u>	<u>\$ -</u>	<u>\$ 508,782</u>

At September 30, 2012, 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, 2011	\$ 509,586
Net Loss	<u>(804)</u>
Balance at September 30, 2012	<u>\$ 508,782</u>

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 5 - CAPITAL ASSETS

A summary of changes in capital assets for the year ended September 30, 2012 follows:

	Balance September 30, 2011	Additions	Retirements	Transfers	September 30, 2012
Capital assets, not being depreciated:					
Land	\$ 77,928,605	\$ 27,900	\$ (1,607,549)	\$ 6,004,870	\$ 82,353,826
Construction in progress	21,035,348	20,822,889	-	(23,222,208)	18,636,029
Total capital assets, not being depreciated	98,963,953	20,850,789	(1,607,549)	(17,217,338)	100,989,855
Capital assets, being depreciated:					
Buildings	271,318,540	51,953	(4,309,235)	17,419,299	284,480,557
Infrastructure	21,155,548	-	-	-	21,155,548
Furniture, equipment, & machinery - dwellings	3,072,250	53,067	(66,251)	-	3,059,066
Furniture, equipment, & machinery - administrative	1,507,845	-	(474,926)	-	1,032,919
Total capital assets, being depreciated	297,054,183	105,020	(4,850,412)	17,419,299	309,728,090
Less accumulated depreciation for:					
Buildings	(121,658,791)	(9,775,424)	3,177,784	-	(128,256,431)
Infrastructure	(7,715,392)	(830,961)	-	-	(8,546,353)
Furniture, equipment, & machinery - dwellings	(2,317,165)	(185,556)	66,251	-	(2,436,470)
Furniture, equipment, & machinery - administrative	(1,108,260)	(87,127)	474,926	-	(720,461)
Total accumulated depreciation	(132,799,608)	(10,879,068)	3,718,961	-	(139,959,715)
Total capital assets, being depreciated, net	164,254,575	(10,774,048)	(1,131,451)	17,419,299	169,768,375
Total capital assets, net	\$ 263,218,528	\$ 10,076,741	\$ (2,739,000)	\$ 201,961	\$ 270,758,230

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 6 - NOTES RECEIVABLE

Notes receivable, including related accrued interest, consisted of the following as of September 30, 2012:

	<u>2012</u>
Vine Hill Homes Loans	\$ 13,031,131
Preston Taylor Homes Loans - Phase I	13,007,339
Preston Taylor Homes Loans - Phase II	7,765,432
Rehabilitation Loans	2,946,291
Business District Loans	56,103
Façade Loans	181,221
Neighborhood Stabilization Promissory Notes	14,257,543
Tax Increment Financing Loan	37,947,118
Other	100,000
Allowance for doubtful accounts	<u>(17,382,830)</u>
Net notes receivable and accrued interest receivable	71,909,348
Less current portion	<u>(173,245)</u>
Net notes receivable and accrued interest receivable, less current portion	<u><u>\$ 71,736,103</u></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. Cumulative accrued, unpaid interest earned totaled \$1,923,741 at September 30, 2012. Based upon a review of the collectability of the accrued interest, an allowance for the full accrued interest balance has been established by management at that date. 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.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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. Cumulative accrued, unpaid interest earned totaled \$127,723 at September 30, 2012, and has been added to the note receivable balance. The notes mature on December 29, 2040. Under a certain Purchase Option Agreement entered into by MDHA and Preston Taylor Homes, LLC, subsequent to the Tax Credit Compliance Period, MDHA has the right of first refusal to acquire the Preston Taylor Phase I project at the greater of the total outstanding debt on the property or the fair market value of the property.

Preston Taylor Homes Loans - Phase II were made to Preston Taylor Homes, LLC for the construction and development of the Preston Taylor project. The loans were funded by various federal grant programs, including HOPE VI, Capital Fund Grant, and UDAG repayment funds. The nonrecourse loans are secured by a leasehold deed of trust. The outstanding loan balance accrues interest at the rate of .1% per annum. Accrued but unpaid interest shall be due and payable within sixty days after the end of each calendar quarter to the extent of cash flow, as defined in the Amended and Restated Operating Agreement. Cumulative accrued, unpaid interest earned totaled \$68,630 at September 30, 2012, and has been added to the note receivable balance. The notes mature on January 4, 2042. Under a certain Purchase Option Agreement entered into by MDHA and Preston Taylor Homes, LLC, subsequent to the Tax Credit Compliance Period, 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.

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)

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.

Neighborhood Stabilization Promissory Notes were executed between MDHA and non-profit entities that received NSP funds for the acquisition, rehabilitation and redevelopment of foreclosed or vacant properties. The properties have an affordability period per the grant agreements of 25 years. If the borrower complies with all of the terms and requirements of the restrictions, the entire balance of the Note will be forgiven at the end of the affordability period. No interest shall be due or payable on this Note. The provision for uncollectible notes includes 100% of the NSP notes which total \$14,257,543 as of September 30, 2012.

Tax Increment Financing Note was made when The Convention Center Authority of Nashville and Davidson County entered into a development and funding agreement with Omni Nashville, LLC to provide for an 800-room convention center hotel with associated structured parking, meeting spaces, restaurants, and other amenities. As part of the incentives for this development, MDHA provided tax increment financing for land acquisition and other TIF-eligible expenses. The tax increment notes receivable balance as of September 30, 2012 was \$37,947,118.

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, 2012 is presented below:

	Balance October 1, 2011	Additions	Retirements	Balance September 30, 2012	Due within one year
Notes Payable - other	\$ 78,082,816	\$ 1,414,500	\$ (7,516,556)	\$ 71,980,760	\$ 6,504,275

MDHA executed a promissory note with Regions Bank for costs related to the construction of a new downtown convention center headquarters hotel facility and the expansion of The Country Music Hall of Fame and Museum to connect to the new hotel. The loan was secured by revenues generated by certain tax increment properties in the Capitol Mall Redevelopment district. The balance as of September 30, 2012 was \$57,468,556.

MDHA entered into a deed of trust note with The Housing Fund to acquire and rehabilitate 10 single family homes owned by the Department of Housing and Urban Development. The homes were temporary housing for tenants in the Disaster Housing Assistance Program. As of September 30, 2012, the balance of the note is \$143,840.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Notes Payable - Other

2012

\$1,400,000 promissory note with Bank of Tennessee, dated May 24, 2012, payable in monthly installments of principal and interest through June 25, 2027. Interest accrues at the variable rate of the Prime Rate minus two percentage points, but no less than zero. The note is collateralized by a 76-unit apartment complex and assignment of rents and leases.

\$ 1,368,880

\$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.

2,314,176

\$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. Effective June 29, 2012 the promissory notes was extended to September 29, 2012. The loan was in the process of being executed and was finalized on October 18, 2012. Interest on the outstanding balance is variable based upon the 30-day LIBOR rate, plus 175 basis points. The note is collateralized by J. Henry Hale Apartments (a 228-unit apartment complex) and assignments of rents and leases.

2,061,204

\$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 was be capitalized and added to the original \$12,100,000 lease amount with 28 quarterly payments to follow. Pinnacle Bank placed a first perfected security interest in the total project and associated equipment.

8,624,104

\$61,560,036 promissory note with Regions Bank, dated May 16, 2011 for the purchase of land and pay certain redevelopment costs related to the construction of a new downtown convention center headquarters hotel facility in Nashville, Tennessee and the expansion of The Country Music Hall of Fame and Museum to connect to the new hotel. The loan will bear interest at a per annum rate equal to 3.84%. Interest on the outstanding principal balance of the loan will be payable semi-annually, in arrears, with the first payment being due and payable January 1, 2012, and subsequent installments being payable on the first Business Day of each July and January thereafter until the Maturity Date. Beginning on July 1, 2012 and each July 1 thereafter until the Maturity Date, principal shall also be due in the amount of \$2,480,000. A debt coverage ratio of at least 125% will be maintained. The loan is securitized by revenues from tax increment revenue generated by certain properties in the Capitol Mall Redevelopment District. The loan matures July 1, 2014.

57,468,556

\$285,750 deed of trust note dated February 4, 2011 and \$588,500 deed of trust note dated February 10, 2011 with the Housing Fund for the acquisition and rehabilitation of 10 single family homes owned by the Department of Housing and Urban Development and used by Disaster Housing Assistance Program tenants as temporary housing. The interest rate is fixed at 3.25% and the maturity date is the earlier of February 4, 2013 or the date any sale or other transfer of the real property subject to the deed of trust securing this note.

143,840

\$ 71,980,760

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 7 - LONG-TERM DEBT (CONTINUED)

A schedule of principal maturities of long-term debt at September 30, 2012 is as follows:

Year Ending September 30, 2012

2013	\$ 6,504,275
2014	59,104,807
2015	1,915,403
2016	1,989,009
2017	1,565,186
Thereafter	<u>902,080</u>
Total	<u>\$ 71,980,760</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 \$49.8 million at September 30, 2012.

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, 2012, the Section 108 loans outstanding aggregated to approximately \$2.6 million.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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 years ended September 30, 2012, 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 years ended September 30, 2012 amounted to \$1,786,178, which equaled the amount of required employer contributions. Employee voluntary contributions were \$162,181 in 2012. MDHA's payroll for employees covered by the Plan for the fiscal year ended September 30, 2012 was \$13,739,828. Total payroll for MDHA during the fiscal year ended September 30, 2012 amounted to \$15,313,829.

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.

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, 2012 were \$91,942.

MDHA also receives rental income under a certain ground lease 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.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 11 – LEASES (CONTINUED)

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

Year ending September 30, 2012

2013	\$ 500,000
2014	500,000
2015	500,000
2016	<u>500,000</u>
Total	<u>\$ 2,000,000</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 \$195,623 for the year ended September 30, 2012.

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, 2012.

At September 30, 2012, the Agency had outstanding construction commitments of approximately \$14.2 million. These outstanding commitments will be paid by grants committed to the Agency by the U.S. Department of Housing and Urban Development and the Metropolitan Government of Nashville and Davidson County, Tennessee.

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

During the year ended September 30, 2012, MDHA appealed a jury verdict rendered against MDHA related to the value of land obtained for the convention center development. MDHA originally paid \$14,800,000 for the land. However, a jury determined the value of the land to be \$30,400,000. In accordance with an agreement between MDHA, Metropolitan Government of Nashville and Davidson County and The Convention Center Authority of The Metropolitan Government of Nashville and Davidson County (the Authority), the Authority will transfer to MDHA the amount necessary to repay all costs and expenses for land acquisition. Therefore, no provision for loss has been made in the financial statements. The appeal is under advisement by the Appellate Court.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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)

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 in accordance with the terms of the Agency's revenue bond agreement as well as certain deposits and investments under grant programs.
- Unrestricted net assets - This component of net assets consists 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, 2012 are as follows:

	Invested in Capital Assets	Restricted	Unrestricted	Totals
Net Assets - September 30, 2011	\$ 241,657,382	\$ 1,673,618	\$ 97,415,479	\$ 340,746,479
Change in net assets - 2012	<u>10,670,827</u>	<u>1,771,968</u>	<u>(10,471,722)</u>	<u>1,971,073</u>
Net Assets - September 30, 2012	<u>\$ 252,328,209</u>	<u>\$ 3,445,586</u>	<u>\$ 86,943,757</u>	<u>\$ 342,717,552</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 FIN48 has no effect on its financial statements.

NOTE 16 – MAJOR FUNDING SOURCE

The Agency is substantially funded by Federal awards. Management anticipates a reduction of funding though the amount cannot be determined at this time.

NOTE 17 – SUBSEQUENT EVENTS

In preparing these financial statements, the Agency has evaluated events and transactions for potential recognition or disclosure through January 2, 2013, 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, 2012

<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 ENERGY</u>				
Passed through State Department of Human Services:				
Weatherization Assistance for Low-Income Persons	81.042	Z-12-409	10-01-11 TO 06-30-12	\$ 825,480
TOTAL U.S. DEPARTMENT OF ENERGY				<u>825,480</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Direct Programs:				
Public and Indian Housing	14.850	A-3777	10-01-11 to 09-30-12	18,258,773
Cluster:				
Section 8 Housing Choice Vouchers	14.871	A-3152V	10-01-11 to 09-30-12	40,067,290
Section 8 5yr Mainstream Vouchers	14.879	TN005DV0001	10-01-11 to 09-30-12	<u>408,395</u>
				40,475,685
Lower-Income Housing Assistance Program:				
Section 8 Moderate Rehabilitation - Single Room Occupancy	14.249	TN005SR0007	10-01-11 to 09-30-12	513,172
Section 8 Moderate Rehabilitation - Single Room Occupancy	14.249	TN005SC0001	10-01-11 to 09-30-12	<u>75,599</u>
				588,771

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METROPOLITAN DEVELOPMENT AND HOUSING AGENCY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2012

<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>				
Direct Programs (Continued):				
Cluster:				
Public Housing - Capital Fund Program:				
Public Housing Capital Fund	14.872	A-3777 (TN43P00550109)	09-15-09 to 09-14-13	1,968,743
Public Housing Capital Fund	14.872	A-3777 (TN43P00550110)	07-15-10 to 07-14-14	3,229,235
Public Housing Capital Fund	14.872	A-3777 (TN43P00550111)	08-03-11 TO 08-02-15	<u>1,856,105</u>
				7,054,083
Public Housing Capital Fund Competitive (Recovery Act Funded)	14.884	A-3777 (TN00500001109R)	09-28-09 to 09-23-12	<u>715,063</u>
				7,769,146
Shelter Plus Care Program:				
Shelter Plus Care	14.238	TN37C60-4001	04-27-07 to 04-26-12	16,694
Shelter Plus Care	14.238	TN37C60-4014	04-27-07 to 04-26-12	28,355
Shelter Plus Care	14.238	TN0070C4J041003	03-01-11 TO 02-28-12	16,066
Shelter Plus Care	14.238	TN0068C4J041003	03-15-11 TO 02-28-12	769,615
Shelter Plus Care	14.238	TN0070C4J041104	03-01-12 TO 02-28-13	12,721
Shelter Plus Care	14.238	TN0162C4J041000	12-01-11 TO 11-30-16	14,106
Shelter Plus Care	14.238	TN0068C4J041104	04-01-12 TO 03-31-13	<u>758,144</u>
				1,615,701
Supportive Housing Program:				
Supportive Housing Program (HMIS)	14.235	TN0060B4J041003	07-01-11 TO 06-30-12	43,661
Supportive Housing Program (HMIS)	14.235	TN0060B4J041104	07-01-12 TO 06-30-13	<u>15,816</u>
				59,477

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METROPOLITAN DEVELOPMENT AND HOUSING AGENCY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2012

GRANT	FEDERAL CFDA NUMBER	GRANTOR'S NUMBER	GRANT PERIOD	EXPENDITURES
<u>U.S. DEPARTMENT OF HOUSING AND</u>				
<u>URBAN DEVELOPMENT (CONTINUED)</u>				
Direct Programs (Continued):				
Resident Opportunity and Supportive Services Program:				
Resident Opportunity and Supportive Services	14.870	TN005RPS080A009	07-13-10 to 07-09-2013	216,929
Resident Opportunity and Supportive Services	14.870	TN005RFS200A010	06-20-2011 TO 08-31-12	98,203
Resident Opportunity and Supportive Services	14.870	TN005RFS008A011	09-20-11 TO 08-31-13	37,505
				352,637
Passed Through Metropolitan Government of Nashville and Davidson County, Tennessee:				
Cluster:				
Community Development Block Grants Program:				
Community Development Block Grants/Entitlement Grants	14.218	B-XX-MC-47-0007	N/A	2,912,246
Community Development Block Grants/Entitlement Grants	14.218	B-10-MF-47-0002	04-30-2010 to	2,319,918
Community Development Block Grants/Entitlement Grants	14.218	B-08-MN-47-0004	03-06-09 to 03-06-13	4,684
				5,236,848
Community Development Block Grant ARRA Entitlement Grants (Recovery Act Funded)	14.253	B-09-MY-47-007	06-04-2009 to 9-30-2012	585,786
				5,822,634
HOME Investment Partnerships Program	14.239	M-XX-MC-47-0203	N/A	975,205
Emergency Shelter Grants Program	14.231	E-XX-MC-47-0004	N/A	144,927
Housing Opportunities for Persons with AIDS (HOPWA)	14.241	TN-HXX-F002	N/A	826,730
Neighborhood Stabilization Program (Recovery Act Funded)	14.256	B-09-CN-TN-0024	02-11-10 to 02-11-13	11,479,008

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METROPOLITAN DEVELOPMENT AND HOUSING AGENCY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2012

GRANT	FEDERAL CFDA NUMBER	GRANTOR'S NUMBER	GRANT PERIOD	EXPENDITURES
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (CONTINUED)</u>				
Direct Programs (Continued):				
Homelessness Prevention and Rapid Re-housing Program (HPRP) (Recovery Act Funded)	14.257	S-09-MY-47-0004	07-10-09 to 09-30-12	<u>12,819</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				<u>88,381,513</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
Passed Through Federal Highway Administration:				
Highway Planning and Construction (TDOT RMH Greenway Ext)	20.205	PIN 110937.00	06-11-08 to 06-15-13	<u>784,469</u>
TOTAL U.S. DEPARTMENT OF ENERGY				<u>784,469</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE				<u>\$ 89,991,462</u>

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METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED SEPTEMBER 30, 2012

<u>PROGRAM NUMBER</u>		<u>DESCRIPTION</u>		<u>EXPENDITURES</u>
14.871	*	Section 8 Housing Choice Vouchers (HCV cluster)	\$	40,067,290
14.879	*	Section 8 Five Year Mainstream Vouchers (HCV cluster)		408,395
14.850	*	Public and Indian Housing		18,258,773
14.256	*	Neighborhood Stabilization Program (Recovery Act Funded)		11,479,008
14.872		Public Housing Capital Fund (Capital Fund cluster)		7,054,083
14.884		Public Housing Capital Fund Competitive (Recovery Act Funded) (Capital Fund cluster)		715,063
14.218		Community Development Block Grants/Entitlement Grants (CDBG cluster)		5,236,848
14.253		Community Development Block Grant ARRA Entitlement Grants (Recovery Act Funded) (CDBG cluster)		585,786
14.238		Shelter Plus Care		1,615,701
14.239		HOME Investment Partnerships Program		975,205
14.241		Housing Opportunities for Persons With AIDS		826,730
81.042		Weatherization Assistance for Low-Income Persons		825,480
20.205		Highway Planning and Construction		784,469
14.249		Section 8 Moderate Rehabilitation - Single Room Occupancy		588,771
14.870		Resident Opportunity and Supportive Services		352,637
14.231		Emergency Shelter Grants Program		144,927
14.235		Supportive Housing Program		59,477
14.257		Homelessness Prevention and Rapid Re-housing Program		12,819
TOTAL FEDERAL FINANCIAL ASSISTANCE			\$	<u>89,991,462</u>

*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>TN43P005501-09</u>
Funds approved	\$ 8,793,313
Funds expended	<u>8,793,313</u>
Excess (deficiency) of funds approved	<u>\$ -</u>
	<u>TN005000001109R</u>
Funds approved	\$ 3,305,206
Funds expended	<u>3,305,206</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 financial statements of the Metropolitan Development and Housing Agency ("the Agency"), a non-profit organization, as of and for the year ended September 30, 2012, and have issued our report thereon dated January 2, 2013. 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

Management of the Agency is responsible for establishing and maintaining effective 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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, management, others within the Agency, 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
January 2, 2013

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 could have a direct and material effect on each of the Agency's major federal programs for the year ended September 30, 2012. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2012. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is disclosed in the accompanying schedule of findings and questioned costs as Item 2012-01.

Internal Control Over Compliance

Management of the Agency 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 the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over compliance.

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2012-01. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report is intended solely for the information and use of the Board of Commissioners, management, others within the Agency, 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
January 2, 2013

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2012

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, 2012

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	\$18,258,773
14.871	Section 8 Housing Choice Vouchers (HCV cluster)	\$40,067,290
14.879	Section 8 Five Year Mainstream Vouchers (HCV cluster)	\$ 408,395
14.256	NSP-2	\$11,479,008

Dollar threshold used to distinguish between Type A and Type B programs: \$2,699,744

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, 2012

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Item 2012-01 – Public Housing Waitlist – Significant Deficiency

Public and Indian Housing Program (CFDA #14.850)

Condition:

Five Public Housing Program applicants out of twenty-five applicants tested were ranked on the wait list in an incorrect order. This was due to the fact that those applicants were not properly awarded preferences in accordance with MDHA's Admissions and Continued Occupancy Policy. Further, documentation could not be provided to show that three applicants who should have been offered housing in April 2012 actually received offers.

Criteria:

All Public Housing Program applicants must be consistently added to the wait list and offered housing based upon the preferences and policies detailed in MDHA's Admissions and Continued Occupancy Policy.

Effect:

Five Public Housing Program applicants were not added to the wait list in the proper order based upon MDHA's Admissions and Continued Occupancy Policy. Also, no documentation could be provided to show that three Public Housing Program applicants were selected from the wait list and offered units in the proper order.

Cause:

Four Public Housing Program applicants were added to the wait list with fewer preferences than they were eligible for despite the fact that those preferences were indicated on the applications. One Public Housing Program applicant was added to the wait list with more preferences than they were eligible for based upon MDHA's Admissions and Continued Occupancy Policy. Finally, no notes were made in the Yardi system, and no other documentation was maintained to support that three Public Housing Program applicants received unit offers in April 2012 despite the fact that their names came to the top of the wait list and offers should have been made.

Questioned Costs:

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

Recommendation:

MDHA should improve controls around the wait list process to ensure all applicants are added to the wait list and offered housing in accordance with their Admissions and Continued Occupancy Policy. We recommend that the Director of Asset Management or another supervisory individual review a sample of applicants added to the wait list each month to help ensure that all properties have proper controls in place to ensure applicants are being added to the wait list based upon their actual preferences. Further, we recommend that all unit offers be documented either within the Yardi system or within the applicant's pre-application file.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED SEPTEMBER 30, 2012

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

Item 2012-01 – Public Housing Waitlist – Significant Deficiency

Public and Indian Housing Program (CFDA #14.850) (Continued)

Response:

The Agency concurs with the finding and has implemented procedures to ensure all participants are added to the wait list and offered housing in accordance with our Admissions and Continued Occupancy Policy.

Contact Person:

Brenda Kennedy

Anticipated Date of Completion:

March 31, 2013

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED SEPTEMBER 30, 2012

Item 2011-01 CFDA No. 14.871 Section 8 Housing Choice Vouchers

Condition:

Nine participants out of a sample of sixty participants tested were not given at least thirty days notice prior to increases in their tenant rent responsibility based upon their annual reexaminations. In addition, for one participant tested, an annual reexamination was not performed.

Recommendation:

Internal controls should be implemented to ensure timely annual reexaminations are performed for all program participants, and that participants are given at least thirty days' notice prior to increases in their tenant rent responsibility.

Status:

Based on the tests performed, MDHA has implemented control procedures to ensure timely annual reexaminations were performed for all program participants, and that participants were given at least thirty days' notice prior to increases in their tenant rent responsibility.

Item 2011-02 CFDA No. 14.871 Section 8 Housing Choice Vouchers

Condition:

Files were reviewed for fifteen Housing Choice Vouchers (HCV) program participants who participated in the Family Self-Sufficiency Program (FSS) through the HCV program to ensure various requirements of the FSS program were being met, and that the participants' monthly escrow deposits were being calculated properly. For five of the fifteen participants tested, monthly deposits to their FSS escrow accounts were inaccurate.

Recommendation:

Internal controls should be implemented to ensure monthly escrow deposits are properly calculated and credited to participants' accounts based upon the participants' income information and area income limits.

Status:

Based on the tests performed, MDHA has implemented control procedures to ensure comprehensive reviews of all monthly escrow calculations are performed when HCV program participants graduate from the FSS program. This ensures that all escrow amounts paid out to program graduates are accurate. Further, tests showed that a random sample of HCV FSS program participants are now having their monthly escrow calculations reviewed on an annual basis. This helps ensure the monthly escrow deposits are properly calculated and credited to the participants' accounts.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)

FOR THE YEAR ENDED SEPTEMBER 30, 2012

Item 2011-03 CFDA No. 14.871 Section 8 Housing Choice Vouchers

Condition:

Two applicants out of a sample of twenty applicants tested were added to the wait list, and housed, based upon having a homeless preference. However, no documentation could be provided to support that the applicants were homeless at the time of voucher issuance.

Recommendation:

Internal controls should be implemented to ensure proper documentation is maintained to support all preferences awarded to applicants and used to rank those applicants on the wait list and select them for voucher issuance.

Status:

Based on the tests performed, MDHA has implemented control procedures to ensure proper documentation is maintained to support all preferences awarded to applicants and used to rank those applicants on the wait list and select them for voucher issuance.

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 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 procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedure is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

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

We were engaged to perform an audit in accordance with 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, 2012, and have issued our reports thereon dated January 2, 2013. 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 January 2, 2013, 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 auditor's reports, is available in its entirety from the Housing Authority. We have not performed any additional auditing procedures since the date of the aforementioned audit reports. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, REAC.

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

McCauley, Nicolas & Company, LLC
McCauley, Nicolas & Company, LLC
Certified Public Accountants

Jeffersonville, Indiana
January 15, 2013

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

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

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

Submission Type: Audited/A-133 Fiscal Year End: 09/30/2012

	Project Total	14.871 Housing Choice Vouchers	9 Other Federal Program 2	2 State/Local	1 Business Activities	14.241 Housing Opportunities for Persons with AIDS	14.253 Community Development Block Grant	14.870 Resident Opportunity and Supportive Services	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	81.042 Weatherization Assistance for Low- Income Persons	14.879 Mainstream Vouchers	14.884 Competitive Capital Fund Stimulus Grant	14.238 Shelter Plus Care	14.235 Supportive Housing Program	14.216 Community Development Block Grants/Entitlement Grants
111 Cash - Unrestricted	27,194,080	1,692,569		6,631,736	2,226,277		21,323		186,426		212,828				
112 Cash - Restricted - Modernization and Development															
113 Cash - Other Restricted	7,332,393	3,756,774		21,339,509											
114 Cash - Tenant Security Deposits															
115 Cash - Restricted for Payment of Current Liabilities															
100 Total Cash	34,526,473	5,451,333	-	27,970,247	2,226,277	-	21,323	-	186,426	-	212,828	-	-	-	-
121 Accounts Receivable - PHA Projects															
122 Accounts Receivable - HUD Other Projects	1,417,688					136,382	12,094	40,384					128,139	2,618	898,002
124 Accounts Receivable - Other Government				730,368											
125 Accounts Receivable - Miscellaneous	1,625,000	7,247		3,561	120,035						10,274		19		
126 Accounts Receivable - Tenants	336,189	2,595,711			22,929										
126.1 Allowance for Doubtful Accounts - Tenants	(276,483)	(2,595,711)			(22,370)										
126.2 Allowance for Doubtful Accounts - Other	-	-		(12,783)	-	-	-	-							(29,705)
127 Notes, Loans, & Mortgages Receivable - Current				24,712											82,826
128 Fraud Recovery									10,422		3,388				
128.1 Allowance for Doubtful Accounts - Fraud									(10,422)		(3,388)				
129 Accrued Interest Receivable															
120 Total Receivables, Net of Allowances for Doubtful Accounts	3,302,394	7,247	-	745,858	120,594	136,382	12,094	40,384	-	-	10,274	-	128,158	2,618	951,123
131 Investments - Unrestricted															
132 Investments - Restricted															
135 Investments - Restricted for Payment of Current Liability															
142 Prepaid Expenses and Other Assets	303,593	35,419		3,995	16,659	571		3,888						592	12,853
143 Inventories															
143.1 Allowance for Obsolete Inventories															
144 Inter Program Due From															
145 Assets Held for Sale				92,388	226,676										1,386,737
150 Total Current Assets	38,132,460	5,493,999	-	28,812,498	2,590,208	136,953	33,417	44,272	186,426	-	223,100	-	128,158	3,210	2,350,713
161 Land	26,323,506	91,590		51,764,823	2,128,871										1,386,554
162 Buildings	268,942,254	1,033,300		7,439,225	11,829,747										1,474,712
163 Furniture, Equipment & Machinery - Dwellings	2,051,473				37,048										37,689
164 Furniture, Equipment & Machinery - Administration	45,641	74,980								6,338					
165 Leasehold Improvements															
166 Accumulated Depreciation	(131,594,927)	(378,798)		(15,498)	(3,523,498)					(6,338)					(443,016)
167 Construction in Progress	8,388,394			4,388,300											
168 Infrastructure	19,390,050				1,765,498										
160 Total Capital Assets, Net of Accumulated Depreciation	183,547,381	780,982	-	63,556,850	12,237,666	-	-	-	-	-	-	-	-	-	2,455,949
171 Notes, Loans and Mortgages Receivable - Non-Current	31,863,927			39,053,234											617,238
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due															
173 Grants Receivable - Non Current															
174 Other Assets					508,782										
176 Investments in Joint Ventures															
180 Total Non-Current Assets	215,411,308	780,982	-	101,610,084	12,746,448	-	-	-	-	-	-	-	-	-	3,073,187
190 Total Assets	253,543,768	6,274,981	-	130,422,572	15,336,654	136,953	33,417	44,272	186,426	-	223,100	-	128,158	3,210	5,423,900
311 Bank Overdraft						65,651		2,198					128,158	390	241,627
312 Accounts Payable <= 90 Days	3,685,504	179		422,112	45,998	69,011	28,672	1,375	12					27	402,204
313 Accounts Payable >90 Days Past Due															
321 Accrued Wage/Payroll Taxes Payable	333,590	87,749		81,886	40,839	993	4,745	12,849						2,402	38,131
322 Accrued Compensated Absences - Current Portion	294,402	82,608		7,375	28,533	364		7,798						118	33,181
324 Accrued Contingency Liability															
325 Accrued Interest Payable				557,828	7,457										
331 Accounts Payable - HUD PHA Programs									61,385		22,908				
332 Account Payable - PHA Projects															
333 Accounts Payable - Other Government				4,054,200											
341 Tenant Security Deposits	1,039,297				27,697										
342 Deferred Revenues	74,777				3,496										
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	1,683,292			2,480,000	2,340,983										
344 Current Portion of Long-term Debt - Operating Borrowings															
345 Other Current Liabilities															
346 Accrued Liabilities - Other	2,082,187														
347 Inter Program - Due To															
348 Loan Liability - Current															
310 Total Current Liabilities	9,193,049	170,538	-	7,603,501	2,492,103	136,019	33,417	24,220	61,397	-	22,908	-	128,158	2,607	715,343

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

Submission Type: Audited/A-133 Fiscal Year End: 09/30/2012

	Project Total	14.871 Housing Choice Vouchers	9 Other Federal Program 2	2 State/Local	1 Business Activities	14.241 Housing Opportunities for Persons with AIDS	14.253 Community Development Block Grant	14.670 Resident Opportunity and Supportive Services	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	81.042 Weatherization Assistance for Low- Income Persons	14.879 Mainstream Vouchers	14.884 Competitive Capital Fund Stimulus Grant	14.238 Shelter Plus Care	14.235 Supportive Housing Program	14.218 Community Development Block Grant/Entitlement Grants
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	6,940,812			54,088,556	3,547,117										
352 Long-term Debt, Net of Current - Operating Borrowings															
353 Non-current Liabilities - Other	258,071	313,188													
354 Accrued Compensated Absences - Non Current	757,035	212,418		18,986	68,225	934		20,052						303	85,321
355 Loan Liability - Non Current															
356 FASB 5 Liabilities															
357 Accrued Pension and OPEB Liabilities															
350 Total Non-Current Liabilities	7,955,918	525,606	-	55,007,522	3,615,342	934		20,052	-	-	-	-	-	303	85,321
300 Total Liabilities	17,148,967	896,142	-	62,611,023	6,107,445	136,953	33,417	44,272	61,387	-	22,908	-	128,158	3,210	800,664
508.1 Invested in Capital Assets, Net of Related Debt	174,923,277	780,982		59,502,650	6,485,949										2,455,849
509.2 Fund Balance Reserved															
511.2 Unreserved, Designated Fund Balance															
511.1 Restricted Net Assets		3,445,586													
512.1 Unrestricted Net Assets	61,471,524	1,352,271	-	8,308,899	2,743,260	-	-	-	125,029	-	200,192	-	-	-	2,167,287
512.2 Unreserved, Undesignated Fund Balance															
513 Total Equity/Net Assets	236,394,801	5,578,839	-	67,811,549	9,229,209	-		-	125,029		200,192				4,623,236
600 Total Liabilities and Equity/Net Assets	253,543,768	6,274,981	-	130,422,572	15,336,654	136,953	33,417	44,272	186,426	-	223,100	-	128,158	3,210	5,423,900

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

	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.239 HOME Investment Partnerships Program	14.231 Emergency Shelter Grants Program	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	20.205 Highway Planning and Construction	97.109 Disaster Housing Assistance Grant	14.DVP Disaster Voucher Program	COC	Subtotal	ELIM	Total
111 Cash - Unrestricted								5,844,041	43,809,270		43,809,270
112 Cash - Restricted - Modernization and Development											
113 Cash - Other Restricted								2,847,289	35,276,965		35,276,965
114 Cash - Tenant Security Deposits											
115 Cash - Restricted for Payment of Current Liabilities											
100 Total Cash	-	-	-	-	-	-	-	8,491,330	79,086,235	-	79,086,235
121 Accounts Receivable - PHA Projects											
122 Accounts Receivable - HUD Other Projects	2,084,697	391,553	19,201						5,130,758		5,130,758
124 Accounts Receivable - Other Government									730,368		730,368
125 Accounts Receivable - Miscellaneous								6,599	1,972,725		1,972,725
126 Accounts Receivable - Tenants									2,924,829		2,924,829
126.1 Allowance for Doubtful Accounts - Tenants									(2,864,564)		(2,864,564)
126.2 Allowance for Doubtful Accounts - Other	-	(67,065)	-					-	(99,553)		(99,553)
127 Notes, Loans, & Mortgages Receivable - Current		165,260							272,798		272,798
128 Fraud Recovery									13,810		13,810
128.1 Allowance for Doubtful Accounts - Fraud									(13,810)		(13,810)
129 Accrued Interest Receivable								31,799	31,799		31,799
120 Total Receivables, Net of Allowances for Doubtful Accounts	2,084,697	499,748	19,201	-	-	-	-	36,388	8,099,160	-	8,099,160
131 Investments - Unrestricted								4,358,823	4,358,823		4,358,823
132 Investments - Restricted											
135 Investments - Restricted for Payment of Current Liability											
142 Prepaid Expenses and Other Assets	1,264	1,639	166					342,196	722,855		722,855
143 Inventories											
143.1 Allowance for Obsolete Inventories											
144 Inter Program Due From								180,000	2,884,806		2,884,806
145 Assets Held for Sale		999,005									
150 Total Current Assets	2,085,961	1,500,392	19,367	-	-	-	-	13,410,737	95,151,879	-	95,151,879
161 Land	495,000	90,000						113,572	82,353,826		82,353,826
162 Buildings		625,849						3,135,670	284,480,557		284,480,557
163 Furniture, Equipment & Machinery - Dwellings								932,846	3,059,066		3,059,066
164 Furniture, Equipment & Machinery - Administration								904,960	1,032,919		1,032,919
165 Leasehold Improvements											
166 Accumulated Depreciation		(38,452)						(3,959,188)	(139,959,715)		(139,959,715)
167 Construction in Progress	5,879,345								19,636,029		19,636,029
168 Infrastructure									21,155,548		21,155,548
160 Total Capital Assets, Net of Accumulated Depreciation	6,374,345	877,197	-	-	-	-	-	1,127,860	270,758,230	-	270,758,230
171 Notes, Loans and Mortgages Receivable - Non-Current		1,201,704							71,736,103		71,736,103
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due											
173 Grants Receivable - Non Current											
174 Other Assets									508,762		508,762
176 Investments in Joint Ventures											
180 Total Non-Current Assets	6,374,345	1,878,901	-	-	-	-	-	1,127,860	343,003,115	-	343,003,115
190 Total Assets	8,460,326	3,379,293	19,367	-	-	-	-	14,538,597	438,154,994	-	438,154,994
311 Bank Overdraft	975,499	13,830	14,803						1,442,328		1,442,328
312 Accounts Payable <= 90 Days	2,078,473	369,312						84,464	7,182,443		7,182,443
313 Accounts Payable >90 Days Past Due											
321 Accrued Wage/Payroll Taxes Payable	4,286	2,899	1,593					236,666	849,118		849,118
322 Accrued Compensated Absences - Current Portion	1,395	1,798	720					280,854	737,244		737,244
324 Accrued Contingency Liability											
325 Accrued Interest Payable									565,285		565,285
331 Accounts Payable - HUD PHA Programs									84,293		84,293
332 Account Payable - PHA Projects											
333 Accounts Payable - Other Government									4,054,200		4,054,200
341 Tenant Security Deposits									1,066,994		1,066,994
342 Deferred Revenues									78,273		78,273
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds									6,504,275		6,504,275
344 Current Portion of Long-term Debt - Operating Borrowings											
345 Other Current Liabilities											
346 Accrued Liabilities - Other								2,847,289	4,929,478		4,929,478
347 Inter Program - Due To											
348 Loan Liability - Current											
310 Total Current Liabilities	3,056,653	388,807	17,516	-	-	-	-	3,449,393	27,493,927	-	27,493,927

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

	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.239 HOME Investment Partnerships Program	14.231 Emergency Shelter Grants Program	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	20.205 Highway Planning and Construction	97.109 Disaster Housing Assistance Grant	14.DVP Disaster Voucher Program	COCC	Subtotal	EUM	Total
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue									65,476,485		65,476,485
352 Long-term Debt, Net of Current - Operating Borrowings											
353 Non-current Liabilities - Other									571,259		571,259
354 Accrued Compensated Absences - Non Current	3,587	4,619	1,851					722,460	1,895,771		1,895,771
355 Loan Liability - Non Current											
356 FASB 5 Liabilities											
357 Accrued Pension and OPEB Liabilities											
350 Total Non-Current Liabilities	3,587	4,619	1,851	-	-	-	-	722,460	67,943,515	-	67,943,515
300 Total Liabilities	3,060,240	391,426	19,367	-	-	-	-	4,171,853	95,437,442	-	95,437,442
508.1 Invested in Capital Assets, Net of Related Debt	6,374,345	677,197						1,127,860	252,328,209		252,328,209
509.2 Fund Balance Reserved											
511.2 Unreserved, Designated Fund Balance											
511.1 Restricted Net Assets									3,445,586		3,445,586
512.1 Unrestricted Net Assets	(974,259)	2,310,670	-	-	-	-	-	9,236,884	86,943,757		86,943,757
512.2 Unreserved, Undesignated Fund Balance											
513 Total Equity/Net Assets	5,400,086	2,987,887	-	-	-	-	-	10,366,744	342,717,552	-	342,717,552
500 Total Liabilities and Equity/Net Assets	8,460,326	3,379,293	19,367	-	-	-	-	14,538,597	438,154,894	-	438,154,894

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

Submission Type: Audited/A-133		Fiscal Year E 09/30/2012																	
	Project Total	14.871 Housing Choice Vouchers	9 Other Federal Program 2	2 State/Local	1 Business Activities	14.241 Housing Opportunities for Persons with AIDS	14.253 Community Development Block Grant	14.670 Resident Opportunity and Supportive Services	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	81.042 Weatherization Assistance for Low- Income Persons	14.879 Mainstream Vouchers	14.884 Competitive Capital Fund Stimulus Grant	14.238 Shelter Plus Care	14.235 Supportive Housing Program	14.218 Community Development Block Grant/Entitlement Grants	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.239 HOME Investment Partnerships Program	14.231 Emergency Shelter Grants Program	
70300 Net Tenant Rental Revenue	9,836,562				856,208														
70400 Tenant Revenue - Other																			
70500 Total Tenant Revenue	9,836,562				856,208														
70600 HUD PHA Operating Grants	19,099,626	40,057,290				826,730	585,786	352,637	588,771		408,395	60,731	1,615,701	59,477	5,236,847	11,479,008	975,205	144,927	
70610 Capital Grants	6,216,231											654,332							
70710 Management Fee																			
70720 Asset Management Fee																			
70730 Book Keeping Fee																			
70740 Front Line Service Fee																			
70750 Other Fees																			
70700 Total Fee Revenue																			
70800 Other Government Grants																			
71100 Investment Income - Unrestricted	365,156	54,182		102,802	18,205				1,035	825,480	1,072				271		7,811		
71200 Mortgage Interest Income																			
71300 Proceeds from Disposition of Assets Held for Sale																			
71310 Cost of Sale of Assets																			
71400 Fraud Recovery		78,140																	
71500 Other Revenue	3,677,769	272,467		10,694,672	1,320,005				791						308,960		58,723		
71600 Gain or Loss on Sale of Capital Assets	(1,054,417)				(804)										(138,764)				
72000 Investment Income - Restricted																			
70000 Total Revenue	38,137,827	40,472,079		10,797,474	2,193,614	826,730	585,786	352,637	590,597	825,480	409,467	715,063	1,615,701	59,477	5,407,294	11,479,008	1,041,739	144,927	
91100 Administrative Salaries	2,292,655	1,675,552		201,676	856,479	20,493	66,280	88,258		82,513				42,478	642,719	80,025	94,484	16,464	
91200 Auditing Fees	33,087				563										5,500				
91300 Management Fee	3,540,469	841,212		94,277	47,954	7,824	15,494			25,000		60,731		1,366	245,356	30,552	36,072	6,286	
91310 Book-keeping Fee	440,542	525,763			7,574														
91400 Advertising and Marketing	26,690	4,373			2,570														
91500 Employee Benefit Contributions - Administrative	778,187	568,041		50,002	205,942	7,844	18,126	36,725		28,148				13,164	170,688	21,989	25,786	6,561	
91600 Office Expenses	838,020	235,328		63,237															
91700 Legal Expense	297,747	53,850		112,947		625									2,690	10,030			
91800 Travel	9,455	16,597		2,380										839	3,336	5,124			
91810 Allocated Overhead																			
91900 Other	49,721	38,670		109,841	30,899	616	2,383	5,490	87	3,251				816	122,872	19,922	59,626	574	
91000 Total Operating - Administrative	8,306,583	3,959,396		637,230	1,149,411	36,777	103,108	130,473	87	138,913		60,731		58,653	1,193,061	168,621	215,968	29,885	
92000 Asset Management Fee	598,680																		
92100 Tenant Services - Salaries	170,875	91,607						154,391											
92200 Relocation Costs	77,240																		
92300 Employee Benefit Contributions - Tenant Services	54,099	30,219						45,310											
92400 Tenant Services - Other	274,225	1,531		95	411			15,716											
92500 Total Tenant Services	576,439	123,657		95	411			215,417											
93100 Water	1,798,241	14,629		20,305	5,089										1,063				
93200 Electricity	4,583,625	1,221		26,410	17,055										3,980				
93300 Gas	631,774				953										277				
93400 Fuel																			
93500 Labor																			
93600 Sewer																			
93700 Employee Benefit Contributions - Utilities																			
93800 Other Utilities Expense																			
93000 Total Utilities	6,981,640	15,850		55,715	23,053										5,320				
94100 Ordinary Maintenance and Operations - Labor	3,951,322				44,169														
94200 Ordinary Maintenance and Operations - Materials and Other	2,169,439	12		834	3,057										3,744				
94300 Ordinary Maintenance and Operations Contracts	4,658,532	13,926		121,249	73,634										24,023				
94500 Employee Benefit Contributions - Ordinary Maintenance	1,427,567				18,253														
94000 Total Maintenance	12,256,860	13,937		122,179	139,133										27,767				
95100 Protective Services - Labor																			
95200 Protective Services - Other Contract Costs	968,742	6,399		2,895	3,970										5,072				
95300 Protective Services - Other																			
95500 Employee Benefit Contributions - Protective Services																			
95000 Total Protective Services	968,742	6,399		2,895	3,970										5,072				
96110 Property Insurance	172,398	357		30,084	5,008										1,880	3	82		
96120 Liability Insurance	168,489	20,539		48,036	3,282										2,470	56	96		
96130 Workmen's Compensation	207,061	59,157		16,566	24,707	649	317	5,608						574	25,824	1,123	4,899	205	
96140 All Other Insurance	19,432	9,029		35	363										587		6		
96100 Total Insurance Premiums	567,380	89,082		94,721	33,340	649	317	5,608						574	30,751	1,162	4,883	205	
96200 Other General Expenses	670,066			8,972,026	153,095	789,381	485,423			686,567	83,930				4,448,080	7,042,603	2,055,665	113,091	
96210 Compensated Absences	20,674	(38,682)		9,610	(8,808)	(77)	(3,062)	1,139						240	(15,972)	1,645	(9,507)	1,746	

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

Submission Type: Audited/A-133 Fiscal Year E 09/30/2012

	Project Total	14.671 Housing Choice Vouchers	9 Other Federal Program 2	2 State/Local	1 Business Activities	14.241 Housing Opportunities for Persons with AIDS	14.253 Community Development Block Grant	14.670 Resident Opportunity and Supportive Services	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	81.042 Weatherization Assistance for Low-Income Persons	14.679 Mainstream Vouchers	14.684 Competitive Capital Fund Stimulus Grant	14.238 Shelter Plus Care	14.235 Supportive Housing Program	14.216 Community Development Block Grant/Entitlement Grants	14.266 Neighborhood Stabilization Program (Recovery Act Funded)	14.239 HOME Investment Partnerships Program	14.231 Emergency Shelter Grants Program
96300 Payments in Lieu of Taxes	49,693																	
96400 Bad debt - Tenant Rents																		
96500 Bad debt - Mortgages																		
96600 Bad debt - Other																		
96600 Severance Expense																		
96000 Total Other General Expenses	740,623	(38,682)		6,981,636	146,269	789,304	482,361	1,139		686,967	63,930			240	4,432,106	7,044,148	2,056,058	114,637
96710 Interest of Mortgage (or Bonds) Payable																		
96720 Interest on Notes Payable (Short and Long Term)	383,684			2,357,022	243,102													
96730 Amortization of Bond Issue Costs																		
96700 Total Interest Expense and Amortization Cost	383,684			2,357,022	243,102													
96900 Total Operating Expenses	31,380,631	4,160,539		12,251,693	1,736,719	826,730	585,786	352,637	87	826,480	63,930	60,731		59,477	5,694,089	7,213,951	2,276,909	144,627
97000 Excess of Operating Revenue over Operating Expenses	6,757,296	36,302,540		(1,454,219)	454,895				660,510		325,537	654,332	1,615,701		(286,795)	4,266,057	(1,235,170)	
97100 Extraordinary Maintenance																		
97200 Casualty Losses - Non-capitalized																		
97300 Housing Assistance Payments		34,481,155							496,963		349,692		1,504,439					
97350 HAP Portability-In		236,503																
97400 Depreciation Expense	10,080,659	32,300		15,498	490,207					448					60,399		15,642	
97500 Fraud Losses																		
97600 Capital Outlays - Governmental Funds																		
97700 Debt Principal Payment - Governmental Funds																		
97800 Dwelling Units Rent Expense																		
90000 Total Expenses	41,461,290	38,919,497		12,267,191	2,228,926	826,730	585,786	352,637	497,050	826,928	433,622	60,731	1,504,439	59,477	5,754,488	7,213,951	2,292,551	144,627
10010 Operating Transfer In		246,650			25,400													
10020 Operating Transfer Out				(25,400)					(77,808)		(57,580)		(111,262)					
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	10,550,000																	
10092 Inter Project Excess Cash Transfer Out	(10,550,000)																	
10093 Transfers between Program and Project - In																		
10094 Transfers between Project and Program - Out																		
10100 Total Other financing Sources (Uses)		246,650		(25,400)	25,400				(77,808)		(57,580)		(111,262)					
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(3,323,353)	1,799,232		(1,495,117)	(9,912)				15,738	(448)	(81,735)	654,332			(347,194)	4,266,057	(1,250,812)	
11020 Required Annual Debt Principal Payments	1,617,930					2,480,000	2,340,983											
11030 Beginning Equity	298,736,684	3,981,113	57,695	65,449,602	9,239,121				109,290	448					5,297,576	1,135,029	4,238,679	
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	961,480	(201,505)	(57,695)	3,857,654							281,927	(654,332)			(327,149)			
11050 Changes in Compensated Absence Balance																		
11060 Changes in Contingent Liability Balance																		
11070 Changes in Unrecognized Pension Transition Liability																		
11080 Changes in Special Term/Severance Benefits Liability																		
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents																		
11100 Changes in Allowance for Doubtful Accounts - Other																		
11170 Administrative Fee Equity		2,133,263																
11180 Housing Assistance Payments Equity		3,445,586																
11190 Unit Months Available	64,788	75,952			2,244				1,409		900		2,748					
11210 Number of Unit Months Leased	62,663	70,136			2,096				1,193		857		2,748					
11270 Excess Cash	18,771,772																	
11610 Land Purchases																		
11620 Building Purchases	6,670,963																	
11630 Furniture & Equipment - Dwelling Purchases																		
11640 Furniture & Equipment - Administrative Purchases																		
11650 Leasehold Improvements Purchases																		
11660 Infrastructure Purchases																		
13510 CFFP Debt Service Payments																		
13601 Replacement Housing Factor Funds																		

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

	14.257 Homelessness Prevention and Rapid Re-Housing Program (RH4)	20.205 Highway Planning and Construction	97.109 Disaster Housing Assistance Grant	14.DVP Disaster Voucher Program	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue						10,692,770		10,692,770
70400 Tenant Revenue - Other								
70500 Total Tenant Revenue						10,692,770		10,692,770
70600 HUD PHA Operating Grants	12,819					81,510,950		81,510,950
70610 Capital Grants						6,870,563		6,870,563
70710 Management Fee					5,196,784	5,196,784	(4,952,593)	246,191
70720 Asset Management Fee					598,680	598,680	(598,680)	-
70730 Book Keeping Fee					1,010,307	1,010,307	(973,879)	36,428
70740 Front Line Service Fee					1,072,253	1,072,253	(1,033,499)	38,754
70750 Other Fees								
70700 Total Fee Revenue					7,880,024	7,880,024	(7,558,651)	321,373
70800 Other Government Grants		784,469				1,609,949		1,609,949
71100 Investment Income - Unrestricted					96,029	646,563		646,563
71200 Mortgage Interest Income								
71300 Proceeds from Disposition of Assets Held for Sale								
71310 Cost of Sale of Assets								
71400 Fraud Recovery						78,140		78,140
71500 Other Revenue					105,244	16,438,631		16,438,631
71600 Gain or Loss on Sale of Capital Assets						(1,194,005)		(1,194,005)
72000 Investment Income - Restricted								
70000 Total Revenue	12,819	784,469	-	-	8,081,297	124,533,585	(7,558,651)	116,974,934
91100 Administrative Salaries	4,090				3,602,544	9,767,030		9,767,030
91200 Auditing Fees					44,000	83,150		83,150
91300 Management Fee						4,952,593	(4,952,593)	-
91310 Book-keeping Fee						973,879	(973,879)	-
91400 Advertising and Marketing						33,633		33,633
91500 Employee Benefit contributions - Administrative	1,695				995,799	2,928,576		2,928,576
91600 Office Expenses						1,136,585		1,136,585
91700 Legal Expense						478,089	(190,165)	287,924
91800 Travel						38,731		38,731
91810 Allocated Overhead								
91900 Other	7				603,253	1,048,028		1,048,028
91000 Total Operating - Administrative	5,792				5,245,595	21,440,204	(6,116,637)	15,323,667
92000 Asset Management Fee						598,680	(598,680)	-
92100 Tenant Services - Salaries					41,018	458,089		458,089
92200 Relocation Costs						77,240		77,240
92300 Employee Benefit Contributions - Tenant Services					12,901	142,529		142,529
92400 Tenant Services - Other					1,730	293,708		293,708
92500 Total Tenant Services					55,647	971,566		971,566
93100 Water					4,757	1,851,080		1,851,080
93200 Electricity					14,898	4,617,189		4,617,189
93300 Gas					5,917	638,921		638,921
93400 Fuel								
93500 Labor								
93600 Sewer								
93700 Employee Benefit Contributions - Utilities								
93800 Other Utilities Expense								
93000 Total Utilities					25,572	7,107,190		7,107,190
94100 Ordinary Maintenance and Operations - Labor					611,085	4,616,595		4,616,595
94200 Ordinary Maintenance and Operations - Materials and Other					332,770	2,509,856		2,509,856
94300 Ordinary Maintenance and Operations Contracts					180,711	5,112,170	(843,334)	4,268,836
94500 Employee Benefit Contributions - Ordinary Maintenance					211,121	1,656,941		1,656,941
94000 Total Maintenance					1,335,687	13,895,563	(843,334)	13,052,229
95100 Protective Services - Labor								
95200 Protective Services - Other Contract Costs					45,537	1,032,615		1,032,615
95300 Protective Services - Other								
95500 Employee Benefit Contributions - Protective Services								
95000 Total Protective Services					45,537	1,032,615		1,032,615
96110 Property Insurance					1,626	211,338		211,338
96120 Liability Insurance					667	243,615		243,615
96130 Workmen's Compensation					155,391	501,881		501,881
96140 All Other Insurance					41,593	71,045		71,045
96100 Total Insurance Premiums					199,177	1,027,879		1,027,879
96200 Other General Expenses	7,027				53	25,519,179		25,519,179
96210 Compensated Absences					26,976	(11,979)		(11,979)

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

	14,257 Homelessness Prevention and Rapid Re-Housing Program (RRH)	20,205 Highway Planning and Construction	97,109 Disaster Housing Assistance Grant	14,DVP Disaster Voucher Program	COCC	Subtotal	ELIM	Total
96300 Payments in Lieu of Taxes						49,893		49,893
96400 Bad debt - Tenant Rents								
96500 Bad debt - Mortgages								
96600 Bad debt - Other								
96800 Severance Expense								
96900 Total Other General Expenses	7,027	-	-	53	25,288	25,557,096	-	25,557,095
96710 Interest of Mortgage (or Bonds) Payable								
96720 Interest on Notes Payable (Short and Long Term)						2,983,808		2,983,808
96730 Amortization of Bond Issue Costs								
96700 Total Interest Expense and Amortization Cost	-	-	-	-	-	2,983,808	-	2,983,808
96900 Total Operating Expenses	12,819	-	-	53	6,235,503	74,614,691	(7,558,651)	67,056,040
97000 Excess of Operating Revenue over Operating Expenses	-	784,469	-	(53)	1,144,794	49,918,694	-	49,918,804
97100 Extraordinary Maintenance								
97200 Casualty Losses - Non-capitalized								
97300 Housing Assistance Payments						36,832,249		36,832,249
97350 HAP Portability-In						236,503		236,503
97400 Depreciation Expense					183,918	10,879,069		10,879,069
97500 Fraud Losses								
97600 Capital Outlays - Governmental Funds								
97700 Debt Principal Payment - Governmental Funds								
97800 Dwelling Units Rent Expense								
98000 Total Expenses	12,819	-	-	53	7,120,419	122,562,512	(7,558,651)	115,003,861
10010 Operating Transfer In						272,050		272,050
10020 Operating Transfer Out						(272,050)		(272,050)
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						10,550,000		10,550,000
10092 Inter Project Excess Cash Transfer Out						(10,550,000)		(10,550,000)
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	-	784,469	-	(53)	950,878	1,971,073	-	1,971,073
11020 Required Annual Debt Principal Payments		-	-	-	-	6,438,913		6,438,913
11030 Beginning Equity		3,072,595	22,816	53	9,405,666	340,746,479		340,746,479
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors		(3,657,064)	(22,816)					
11050 Changes in Compensated Absence Balance								
11060 Changes in Contingent Liability Balance								
11070 Changes in Unrecognized Pension Transition Liability								
11080 Changes in Special Term/Severance Benefits Liability								
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents								
11100 Changes in Allowance for Doubtful Accounts - Other								
11170 Administrative Fee Equity						2,133,253		2,133,253
11180 Housing Assistance Payments Equity						3,445,585		3,445,585
11190 Unit Months Available						148,041		148,041
11210 Number of Unit Months Leased						139,903		139,903
11270 Excess Cash						18,771,772		18,771,772
11610 Land Purchases								
11620 Building Purchases						6,870,563		6,870,563
11630 Furniture & Equipment - Dwelling Purchases								
11640 Furniture & Equipment - Administrative Purchases								
11650 Leasehold Improvements Purchases								
11660 Infrastructure Purchases								
13510 CFFP Debt Service Payments								
13801 Replacement Housing Factor Funds								

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

Submission Type: Audited/A-133 Fiscal Year End: 09/30/2012

	TN005000001	TN005000002	TN005000014	TN005000003	TN005000013	TN005000010	TN005000011	TN005000004	TN005000005	TN005000006
111 Cash - Unrestricted	2,738,751	3,413,992	320,474	1,820,151		874,279	520,444	2,565,275	2,323,884	413,001
112 Cash - Restricted - Modernization and Development										
113 Cash - Other Restricted	492,795	655,726	28,981	352,900		553,802	142,704	214,350	637,598	279,881
114 Cash - Tenant Security Deposits										
115 Cash - Restricted for Payment of Current Liabilities										
100 Total Cash	3,231,546	4,069,718	349,455	2,173,051	-	1,428,081	663,148	2,779,625	2,961,482	692,882
121 Accounts Receivable - PHA Projects										
122 Accounts Receivable - HUD Other Projects				670,730		7,250	99,830			605,498
124 Accounts Receivable - Other Government										
125 Accounts Receivable - Miscellaneous										
126 Accounts Receivable - Tenants	55,689	67,030	3,018	55,409		14,431	14,809	27,403	34,158	2,317
126.1 Allowance for Doubtful Accounts - Tenants	(52,774)	(54,086)	(1,768)	(52,543)		(7,085)	(11,074)	(18,625)	(32,072)	-
126.2 Allowance for Doubtful Accounts - Other				-		-	-			-
127 Notes, Loans, & Mortgages Receivable - Current										
128 Fraud Recovery										
128.1 Allowance for Doubtful Accounts - Fraud										
129 Accrued Interest Receivable										
120 Total Receivables, Net of Allowances for Doubtful Accounts	2,915	12,944	1,250	673,596	-	14,596	103,565	8,778	2,086	607,815
131 Investments - Unrestricted										
132 Investments - Restricted										
135 Investments - Restricted for Payment of Current Liability										
142 Prepaid Expenses and Other Assets	50,842	62,078	1,927	38,086		20,910	8,483	23,894	29,726	11,369
143 Inventories										
143.1 Allowance for Obsolete Inventories										
144 Inter Program Due From										
145 Assets Held for Sale										
150 Total Current Assets	3,285,303	4,144,740	352,632	2,884,733	-	1,463,587	775,196	2,812,297	2,993,294	1,312,066
161 Land	1,438,672	5,251,413	3,362,056	1,092,681		1,946,946	63,561	5,869,665	1,337,355	442,549
162 Buildings	23,532,965	36,859,095	6,196,799	19,100,341		16,299,090	10,304,629	40,244,872	27,566,865	10,296,468
163 Furniture, Equipment & Machinery - Dwellings	355,775	195,037	77,684	150,473		180,777	181,931	145,007	458,359	37,911
164 Furniture, Equipment & Machinery - Administration			46,641							
165 Leasehold Improvements										
166 Accumulated Depreciation	(22,666,131)	(23,087,004)	(1,705,725)	(15,431,804)		(9,860,561)	(1,979,941)	(13,571,206)	(18,168,834)	(4,127,904)
167 Construction in Progress	500,814	159,444		1,093,494		221,702	334,877			3,478,546
168 Infrastructure	1,422,904	3,326,010	1,058,006	1,079,101		1,940,479	230,501	5,093,893	736,670	358,726
160 Total Capital Assets, Net of Accumulated Depreciation	4,684,999	22,703,995	9,035,461	7,084,286	-	10,728,433	9,135,558	37,782,231	11,930,415	10,486,296
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	4,684,999	22,703,995	9,035,461	7,084,286	-	10,728,433	9,135,558	37,782,231	11,930,415	10,486,296
190 Total Assets	7,970,302	26,848,735	9,388,093	9,969,019	-	12,192,020	9,910,754	40,594,528	14,923,709	11,798,362
311 Bank Overdraft										
312 Accounts Payable <= 90 Days	227,406	217,509	3,355	851,790		27,781	126,902	135,284	170,684	380,697
313 Accounts Payable >90 Days Past Due										
321 Accrued Wage/Payroll Taxes Payable	45,245	60,678	2,405	36,842		25,889	9,330	29,161	35,995	15,087

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

Submission Type: Audited/A-133 Fiscal Year End: 09/30/2012

	TN005000001	TN005000002	TN005000014	TN005000003	TN005000013	TN005000010	TN005000011	TN005000004	TN005000005	TN005000006
322 Accrued Compensated Absences - Current Portion	30,713	43,471	2,918	35,853		22,797	10,027	38,893	29,854	16,975
324 Accrued Contingency Liability										
325 Accrued Interest Payable										
331 Accounts Payable - HUD PHA Programs										
332 Account Payable - PHA Projects										
333 Accounts Payable - Other Government										
341 Tenant Security Deposits	147,373	203,990	3,940	109,257		89,991	16,449	140,679	99,736	17,696
342 Deferred Revenues	5,548	11,157	1,138	6,568		6,541	3,456	11,867	4,540	6,387
343 Current Portion of Long-term Debt - Capital Projects/Mortgage	32,488	62,282		35,854		267,980	7,575	16,011	27,269	24,744
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	488,773	599,087	13,756	1,076,164	-	440,979	173,739	373,895	368,078	461,586
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	133,958	256,810		147,839		1,104,977	31,234	74,267	112,441	102,030
352 Long-term Debt, Net of Current - Operating Borrowings										
353 Non-current Liabilities - Other	5,840		28,981	198		11,281		40,213	6,712	
354 Accrued Compensated Absences - Non Current	78,975	111,785	7,503	92,194		58,622	25,782	100,010	76,769	43,652
355 Loan Liability - Non Current										
356 FASB 5 Liabilities										
357 Accrued Pension and OPEB Liabilities										
350 Total Non-Current Liabilities	218,773	368,595	36,484	240,231	-	1,174,880	57,016	214,490	195,922	145,682
300 Total Liabilities	707,546	967,682	50,240	1,316,395	-	1,615,859	230,755	588,385	564,000	607,268
508.1 Invested In Capital Assets, Net of Related Debt	4,518,553	22,384,903	9,035,461	6,900,593		9,355,476	9,096,749	37,689,953	11,790,705	10,359,522
509.2 Fund Balance Reserved										
511.2 Unreserved, Designated Fund Balance										
511.1 Restricted Net Assets										
512.1 Unrestricted Net Assets	2,744,203	3,496,150	302,392	1,752,031	-	1,220,685	583,250	2,316,190	2,569,004	831,572
512.2 Unreserved, Undesignated Fund Balance										
513 Total Equity/Net Assets	7,262,756	25,881,053	9,337,853	8,652,624	-	10,576,161	9,679,999	40,006,143	14,359,709	11,191,094
600 Total Liabilities and Equity/Net Assets	7,970,302	26,848,735	9,388,093	9,969,019	-	12,192,020	9,910,754	40,594,528	14,923,709	11,798,362

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

	TN005000007	TN005000008	TN005000012	TN005000009	OTHER PROJ	Total
111 Cash - Unrestricted	8,408,899	1,751,173		1,811,196	232,561	27,194,080
112 Cash - Restricted - Modernization and Development						
113 Cash - Other Restricted	288,427	1,401,652		201,390	2,082,187	7,332,393
114 Cash - Tenant Security Deposits						
115 Cash - Restricted for Payment of Current Liabilities						
100 Total Cash	8,697,326	3,152,825	-	2,012,586	2,314,748	34,526,473
121 Accounts Receivable - PHA Projects						
122 Accounts Receivable - HUD Other Projects	4,000	30,380				1,417,688
124 Accounts Receivable - Other Government						
125 Accounts Receivable - Miscellaneous		1,825,000				1,825,000
126 Accounts Receivable - Tenants	10,111	14,936		36,878		336,189
126.1 Allowance for Doubtful Accounts - Tenants	(8,558)	(5,569)		(32,309)		(276,483)
126.2 Allowance for Doubtful Accounts - Other	-	-				-
127 Notes, Loans, & Mortgages Receivable - Current						
128 Fraud Recovery						
128.1 Allowance for Doubtful Accounts - Fraud						
129 Accrued Interest Receivable						
120 Total Receivables, Net of Allowances for Doubtful Accounts	5,553	1,864,727	-	4,569	-	3,302,394
131 Investments - Unrestricted						
132 Investments - Restricted						
135 Investments - Restricted for Payment of Current Liability						
142 Prepaid Expenses and Other Assets	11,580	27,865		16,833		303,593
143 Inventories						
143.1 Allowance for Obsolete Inventories						
144 Inter Program Due From						
145 Assets Held for Sale						
150 Total Current Assets	8,714,459	5,045,417	-	2,033,988	2,314,748	38,132,460
161 Land	116,730	743,807		4,658,071		26,323,506
162 Buildings	9,201,835	28,398,739		30,940,556		258,942,254
163 Furniture, Equipment & Machinery - Dwellings	64,462	124,279		79,776		2,051,473
164 Furniture, Equipment & Machinery - Administration						46,641
165 Leasehold Improvements						
166 Accumulated Depreciation	(4,884,742)	(8,011,101)		(8,199,974)		(131,594,927)
167 Construction in Progress	374,355	2,225,152				8,388,384
168 Infrastructure	146,149	257,222		3,740,389		19,390,050
160 Total Capital Assets, Net of Accumulated Depreciation	5,018,789	23,738,098	-	31,218,820	-	183,547,361
171 Notes, Loans and Mortgages Receivable - Non-Current					31,863,927	31,863,927
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	5,018,789	23,738,098	-	31,218,820	31,863,927	215,411,308
190 Total Assets	13,733,248	28,783,515	-	33,252,808	34,178,675	253,543,768
311 Bank Overdraft						
312 Accounts Payable <= 90 Days	66,370	1,446,205		31,521		3,695,504
313 Accounts Payable >90 Days Past Due						
321 Accrued Wage/Payroll Taxes Payable	14,725	37,610		20,623		333,590

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

	TN005000007	TN005000008	TN005000012	TN005000009	OTHER PROJ	Total
322 Accrued Compensated Absences - Current Portion	10,409	32,860		19,632		294,402
324 Accrued Contingency Liability						
325 Accrued Interest Payable						
331 Accounts Payable - HUD PHA Programs						
332 Account Payable - PHA Projects						
333 Accounts Payable - Other Government						
341 Tenant Security Deposits	33,127	80,216		96,843		1,039,297
342 Deferred Revenues	1,573	10,181		5,821		74,777
343 Current Portion of Long-term Debt - Capital Projects/Mortgage	493,878	713,211				1,683,292
344 Current Portion of Long-term Debt - Operating Borrowings						
345 Other Current Liabilities						
346 Accrued Liabilities - Other					2,082,187	2,082,187
347 Inter Program - Due To						
348 Loan Liability - Current						
310 Total Current Liabilities	620,082	2,320,283	-	174,440	2,082,187	9,193,049
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	2,036,434	2,940,822				6,940,812
352 Long-term Debt, Net of Current - Operating Borrowings						
353 Non-current Liabilities - Other				164,846		258,071
354 Accrued Compensated Absences - Non Current	26,765	84,496		50,482		757,035
355 Loan Liability - Non Current						
356 FASB 5 Liabilities						
357 Accrued Pension and OPEB Liabilities						
350 Total Non-Current Liabilities	2,063,199	3,025,318	-	215,328	-	7,955,918
300 Total Liabilities	2,683,281	5,345,601	-	389,768	2,082,187	17,148,967
508.1 Invested In Capital Assets, Net of Related Debt	2,488,477	20,084,065		31,218,820	-	174,923,277
509.2 Fund Balance Reserved						
511.2 Unreserved, Designated Fund Balance						
511.1 Restricted Net Assets						
512.1 Unrestricted Net Assets	8,561,490	3,353,849	-	1,644,220	32,096,488	61,471,524
512.2 Unreserved, Undesignated Fund Balance						
513 Total Equity/Net Assets	11,049,967	23,437,914	-	32,863,040	32,096,488	236,394,801
600 Total Liabilities and Equity/Net Assets	13,733,248	28,783,515	-	33,252,808	34,178,675	253,543,768

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

Submission Type: Audited/A-133 Fiscal Year End: 09/30/2012

	TN005000001	TN005000002	TN005000014	TN005000003	TN005000013	TN005000010	TN005000011	TN005000004	TN005000005	TN005000006
70300 Net Tenant Rental Revenue	1,106,583	1,274,142	100,709	1,249,603		480,717	321,694	1,019,110	1,242,245	526,004
70400 Tenant Revenue - Other										
70500 Total Tenant Revenue	1,106,583	1,274,142	100,709	1,249,603	-	480,717	321,694	1,019,110	1,242,245	526,004
70600 HUD PHA Operating Grants	3,470,795	3,984,554	123,787	2,150,025		1,024,758	484,524	2,141,583	2,024,522	699,738
70610 Capital Grants	472,551	14,095		1,126,529		27,349	901,977			3,294,869
70710 Management Fee										
70720 Asset Management Fee										
70730 Book Keeping Fee										
70740 Front Line Service Fee										
70750 Other Fees										
70700 Total Fee Revenue										
70800 Other Government Grants										
71100 Investment Income - Unrestricted	75,704	70,964	5,003	18,512		20,164	5,793	46,124	38,535	7,023
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	161,067	210,442	7,095	179,660		69,592	37,576	111,383	102,806	47,032
71600 Gain or Loss on Sale of Capital Assets				(4,188)			(1,050,229)			
72000 Investment Income - Restricted										
70000 Total Revenue	5,286,700	5,554,197	236,594	4,720,141	-	1,622,580	701,335	3,318,200	3,408,108	4,574,666
91100 Administrative Salaries	299,769	343,271	17,094	254,580		193,758	72,768	223,699	260,851	100,986
91200 Auditing Fees	4,751	5,445	265	3,687		2,441	975	3,727	3,581	1,459
91300 Management Fee	794,887	459,481	22,383	402,851		202,630	164,007	317,277	304,440	245,215
91310 Book-keeping Fee	63,159	72,508	3,534	48,276		31,983	13,097	50,068	48,039	19,562
91400 Advertising and Marketing				8,192			142	1,232		10,106
91500 Employee Benefit contributions - Administrative	98,381	122,924	5,571	102,414		63,834	24,572	72,313	90,745	31,073
91600 Office Expenses	121,560	143,645	2,781	110,164		41,444	31,370	87,626	88,196	26,877
91700 Legal Expense	23,833	49,363	2,990	30,070		52,165	8,731	20,341	18,248	2,708
91800 Travel	225	4,298	59	426		59	244	229	1,509	95
91810 Allocated Overhead										
91900 Other	6,070	4,573	1,081	7,563		1,335	1,881	3,230	2,963	2,905
91000 Total Operating - Administrative	1,412,615	1,205,508	55,758	968,223	-	589,649	317,787	779,742	818,572	440,986
92000 Asset Management Fee	85,920	98,520	4,800	66,720		44,160	17,640	67,440	64,800	26,400
92100 Tenant Services - Salaries		10,599		34,504			11,516	6,256		21,197
92200 Relocation Costs				11,000		18,000	6,500			15,500
92300 Employee Benefit Contributions - Tenant Services		3,079		9,908			4,240	549		6,157
92400 Tenant Services - Other	17,589	29,750	888	18,877		8,981	11,450	47,450	15,136	9,057
92500 Total Tenant Services	17,589	43,428	888	74,289	-	26,981	33,706	54,255	15,136	51,911
93100 Water	326,746	473,725	523	378,102		11,010	31,236	130,663	276,971	39,358
93200 Electricity	625,503	721,926	2,450	708,281		26,574	190,785	480,831	936,940	216,466
93300 Gas	253,656	243,734		102,072		1,347	9,012	3,018	4,010	1,905
93400 Fuel										
93500 Labor										

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

Submission Type: Audited/A-133 Fiscal Year End: 09/30/2012

	TN005000001	TN005000002	TN005000014	TN005000003	TN005000013	TN005000010	TN005000011	TN005000004	TN005000005	TN005000006
93600 Sewer										
93700 Employee Benefit Contributions - Utilities										
93800 Other Utilities Expense										
93000 Total Utilities	1,205,905	1,439,385	2,973	1,188,435	-	38,931	231,033	614,512	1,217,921	257,729
94100 Ordinary Maintenance and Operations - Labor	562,961	795,034	25,807	454,888		339,425	92,735	333,770	399,668	166,614
94200 Ordinary Maintenance and Operations - Materials and Other	308,230	408,420	8,563	295,841		205,164	74,979	149,943	196,687	67,738
94300 Ordinary Maintenance and Operations Contracts	611,170	831,969	21,245	522,085	-	355,158	206,538	390,778	452,694	206,848
94500 Employee Benefit Contributions - Ordinary Maintenance	230,978	247,935	9,595	146,407		118,072	33,782	126,123	171,036	60,532
94000 Total Maintenance	1,713,339	2,283,358	65,210	1,419,221	-	1,017,819	408,034	1,000,614	1,220,085	501,732
95100 Protective Services - Labor										
95200 Protective Services - Other Contract Costs	73,743	105,759	4,126	142,520		18,222	70,261	112,388	71,497	58,726
95300 Protective Services - Other										
95500 Employee Benefit Contributions - Protective Services										
95000 Total Protective Services	73,743	105,759	4,126	142,520	-	18,222	70,261	112,388	71,497	58,726
96110 Property Insurance	23,123	23,013	1,100	17,404		10,464	10,051	16,869	15,903	7,407
96120 Liability Insurance	24,170	26,725	1,300	18,120		11,983	6,851	19,591	17,663	7,177
96130 Workmen's Compensation	29,328	36,938	1,255	25,330		17,312	5,643	17,737	22,778	8,378
96140 All Other Insurance	2,754	2,272	69	2,222		2,901	404	2,182	1,933	869
96100 Total Insurance Premiums	79,375	88,948	3,724	63,076	-	42,660	22,949	56,379	58,277	23,831
96200 Other General Expenses	50	110		45		10		90		190
96210 Compensated Absences	(4,114)	1,697	3,102	(15,963)		(7,275)	2,306	12,475	4,982	3,414
96300 Payments in Lieu of Taxes			2,321	1,702		6,471		7,392		2,716
96400 Bad debt - Tenant Rents										
96500 Bad debt - Mortgages										
96600 Bad debt - Other										
96800 Severance Expense										
96000 Total Other General Expenses	(4,064)	1,807	5,423	(14,216)	-	(794)	2,306	19,957	4,982	6,320
96710 Interest of Mortgage (or Bonds) Payable										
96720 Interest on Notes Payable (Short and Long Term)	7,405	14,196		8,172		61,083	1,727	4,105	6,216	5,640
96730 Amortization of Bond Issue Costs										
96700 Total Interest Expense and Amortization Cost	7,405	14,196	-	8,172	-	61,083	1,727	4,105	6,216	5,640
96900 Total Operating Expenses	4,591,827	5,280,909	142,902	3,916,440	-	1,838,711	1,105,443	2,709,392	3,477,486	1,373,275
97000 Excess of Operating Revenue over Operating Expenses	694,873	273,288	93,692	803,701	-	(216,131)	(404,108)	608,808	(69,378)	3,201,391
97100 Extraordinary Maintenance										
97200 Casualty Losses - Non-capitalized										
97300 Housing Assistance Payments										
97350 HAP Portability-In										
97400 Depreciation Expense	474,700	1,374,601	199,342	783,700		539,880	337,253	1,780,924	1,242,698	510,556
97500 Fraud Losses										
97600 Capital Outlays - Governmental Funds										
97700 Debt Principal Payment - Governmental Funds										

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

Submission Type: Audited/A-133 Fiscal Year End: 09/30/2012

	TN005000001	TN005000002	TN005000014	TN005000003	TN005000013	TN005000010	TN005000011	TN005000004	TN005000005	TN005000006
97800 Dwelling Units Rent Expense										
90000 Total Expenses	5,066,527	6,655,510	342,244	4,700,140	-	2,378,591	1,442,696	4,490,316	4,720,384	1,883,831
10010 Operating Transfer In										
10020 Operating transfer Out										
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				600,000			250,000			400,000
10092 Inter Project Excess Cash Transfer Out	(4,100,000)	(2,600,000)	(200,000)					(1,550,000)	(800,000)	
10093 Transfers between Program and Project - In										
10094 Transfers between Project and Program - Out										
10100 Total Other financing Sources (Uses)	(4,100,000)	(2,600,000)	(200,000)	600,000	-	-	250,000	(1,550,000)	(800,000)	400,000
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	(3,879,827)	(3,701,313)	(305,650)	620,001	-	(756,011)	(491,361)	(2,722,116)	(2,112,276)	3,090,835
11020 Required Annual Debt Principal Payments	31,225	59,863	-	34,462	-	257,575	7,280	17,312	26,211	23,784
11030 Beginning Equity	11,142,583	29,582,367	9,550,746	8,032,623	-	11,332,172	9,517,028	42,728,259	16,471,985	8,100,259
11040 Prior Period Adjustments, Equity Transfers and Correction of		(1)	92,757	-	-	-	654,332			-
11050 Changes in Compensated Absence Balance										
11060 Changes in Contingent Liability Balance										
11070 Changes in Unrecognized Pension Transition Liability										
11080 Changes in Special Term/Severance Benefits Liability										
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents										
11100 Changes in Allowance for Doubtful Accounts - Other										
11170 Administrative Fee Equity										
11180 Housing Assistance Payments Equity										
11190 Unit Months Available	8,592	9,852	480	6,672	3,288	4,416	1,764	6,744	6,480	2,640
11210 Number of Unit Months Leased	8,421	9,667	471	6,436	3,239	4,264	1,519	6,675	6,405	2,140
11270 Excess Cash	1,903,237	2,387,774	296,060	1,100,379	-	296,171	365,443	1,974,376	1,668,102	456,368
11610 Land Purchases	-	-	-	-	-	-	-	-	-	-
11620 Building Purchases	472,551	14,095	-	1,126,529	-	27,349	1,556,309	-	-	3,294,869
11630 Furniture & Equipment - Dwelling Purchases	-	-	-	-	-	-	-	-	-	-
11640 Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-	-	-	-	-
11650 Leasehold Improvements Purchases	-	-	-	-	-	-	-	-	-	-
11660 Infrastructure Purchases	-	-	-	-	-	-	-	-	-	-
13510 CFFP Debt Service Payments	-	-	-	-	-	-	-	-	-	-
13901 Replacement Housing Factor Funds	-	-	-	-	-	-	-	-	-	-

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

	TN005000007	TN005000008	TN005000012	TN005000009	OTHER PROJ	Total
70300 Net Tenant Rental Revenue	488,250	1,324,341		703,164		9,836,562
70400 Tenant Revenue - Other						
70500 Total Tenant Revenue	488,250	1,324,341	-	703,164	-	9,836,562
70600 HUD PHA Operating Grants	481,116	816,189		887,509	807,526	19,096,626
70610 Capital Grants	9,590	368,985		286		6,216,231
70710 Management Fee						
70720 Asset Management Fee						
70730 Book Keeping Fee						
70740 Front Line Service Fee						
70750 Other Fees						
70700 Total Fee Revenue						
70800 Other Government Grants						
71100 Investment Income - Unrestricted	13,330	31,819		28,604	3,581	365,156
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	73,459	2,437,589		56,631	183,437	3,677,769
71600 Gain or Loss on Sale of Capital Assets						(1,054,417)
72000 Investment Income - Restricted						
70000 Total Revenue	1,065,745	4,978,923	-	1,676,194	994,544	38,137,927
91100 Administrative Salaries	99,217	264,620		162,052		2,292,665
91200 Auditing Fees	1,399	3,328		2,029		33,087
91300 Management Fee	115,268	338,171		173,879		3,540,469
91310 Book-keeping Fee	18,197	44,674		27,445		440,542
91400 Advertising and Marketing	1,485	5,356		177		26,690
91500 Employee Benefit contributions - Administrative	29,581	81,131		55,648		778,187
91600 Office Expenses	27,174	107,104		50,079		838,020
91700 Legal Expense	12,576	40,851		35,871		297,747
91800 Travel	765	862		684		9,455
91810 Allocated Overhead						
91900 Other	4,449	9,326		4,345		49,721
91000 Total Operating - Administrative	310,111	895,423	-	512,209	-	8,306,583
92000 Asset Management Fee	25,320	60,240		36,720		598,680
92100 Tenant Services - Salaries	21,197	38,554		27,052		170,875
92200 Relocation Costs	23,500	2,740				77,240
92300 Employee Benefit Contributions - Tenant Services	6,150	14,207		9,809		54,099
92400 Tenant Services - Other	8,595	98,729		7,723		274,225
92500 Total Tenant Services	59,442	154,230	-	44,584	-	576,439
93100 Water	31,168	78,667		18,072		1,796,241
93200 Electricity	172,780	417,620		53,489		4,553,625
93300 Gas		7,072		5,948		631,774
93400 Fuel						
93500 Labor						

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

	TN005000007	TN005000008	TN005000012	TN005000009	OTHER PROJ	Total
93600 Sewer						
93700 Employee Benefit Contributions - Utilities						
93800 Other Utilities Expense						
93000 Total Utilities	203,948	503,359	-	77,509	-	6,981,640
94100 Ordinary Maintenance and Operations - Labor	148,437	445,194		196,789		3,961,322
94200 Ordinary Maintenance and Operations - Materials and Other	69,700	297,847		86,327		2,169,439
94300 Ordinary Maintenance and Operations Contracts	241,344	630,712		227,991		4,898,532
94500 Employee Benefit Contributions - Ordinary Maintenance	59,415	141,334		82,358		1,427,567
94000 Total Maintenance	518,896	1,515,087	-	593,465	-	12,256,860
95100 Protective Services - Labor						
95200 Protective Services - Other Contract Costs	68,138	169,015		74,347		968,742
95300 Protective Services - Other						
95500 Employee Benefit Contributions - Protective Services						
95000 Total Protective Services	68,138	169,015	-	74,347	-	968,742
96110 Property Insurance	10,300	25,275		11,489		172,398
96120 Liability Insurance	6,916	16,368		11,625		168,489
96130 Workmen's Compensation	8,749	21,108		12,505		207,061
96140 All Other Insurance	914	1,531		1,381		19,432
96100 Total insurance Premiums	26,879	64,282	-	37,000	-	567,380
96200 Other General Expenses	192	5			669,364	670,056
96210 Compensated Absences	1,861	15,211		2,978		20,674
96300 Payments in Lieu of Taxes	3,460	11,733		14,098		49,893
96400 Bad debt - Tenant Rents						
96500 Bad debt - Mortgages						
96600 Bad debt - Other						
96800 Severance Expense						
96000 Total Other General Expenses	5,513	26,949	-	17,076	669,364	740,623
96710 Interest of Mortgage (or Bonds) Payable						
96720 Interest on Notes Payable (Short and Long Term)	112,573	162,567				383,684
96730 Amortization of Bond Issue Costs						
96700 Total Interest Expense and Amortization Cost	112,573	162,567	-	-	-	383,684
96900 Total Operating Expenses	1,330,820	3,551,152	-	1,392,910	669,364	31,380,631
97000 Excess of Operating Revenue over Operating Expenses	(265,075)	1,427,771	-	283,284	325,180	6,757,296
97100 Extraordinary Maintenance						
97200 Casualty Losses - Non-capitalized						
97300 Housing Assistance Payments						
97350 HAP Portability-In						
97400 Depreciation Expense	363,988	1,244,613		1,208,204		10,080,659
97500 Fraud Losses						
97600 Capital Outlays - Governmental Funds						
97700 Debt Principal Payment - Governmental Funds						

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

	TN005000007	TN005000008	TN005000012	TN005000009	OTHER PROJ	Total
97800 Dwelling Units Rent Expense						
90000 Total Expenses	1,714,808	4,795,765	-	2,601,114	669,364	41,461,290
10010 Operating Transfer In						
10020 Operating transfer Out						
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	8,000,000	1,300,000				10,550,000
10092 Inter Project Excess Cash Transfer Out				(1,000,000)	(300,000)	(10,550,000)
10093 Transfers between Program and Project - In						
10094 Transfers between Project and Program - Out						
10100 Total Other financing Sources (Uses)	8,000,000	1,300,000	-	(1,000,000)	(300,000)	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	7,350,937	1,483,158	-	(1,924,920)	25,180	(3,323,363)
11020 Required Annual Debt Principal Payments	474,701	685,517	-	-	-	1,617,930
11030 Beginning Equity	3,699,030	21,954,755	-	34,553,569	32,071,308	238,736,684
11040 Prior Period Adjustments, Equity Transfers and Correction of		1		234,391		981,480
11050 Changes in Compensated Absence Balance						
11060 Changes in Contingent Liability Balance						
11070 Changes in Unrecognized Pension Transition Liability						
11080 Changes in Special Term/Severance Benefits Liability						
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents						
11100 Changes in Allowance for Doubtful Accounts - Other						
11170 Administrative Fee Equity						
11180 Housing Assistance Payments Equity						
11190 Unit Months Available	2,532	6,024	1,632	3,672	-	64,788
11210 Number of Unit Months Leased	2,426	5,945	1,617	3,658	-	62,883
11270 Excess Cash	7,685,427	1,004,955	-	1,525,314	(1,891,834)	18,771,772
11610 Land Purchases	-	-	-	-	-	-
11620 Building Purchases	9,590	368,985	-	286	-	6,870,563
11630 Furniture & Equipment - Dwelling Purchases	-	-	-	-	-	-
11640 Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-
11650 Leasehold Improvements Purchases	-	-	-	-	-	-
11660 Infrastructure Purchases	-	-	-	-	-	-
13510 CFFP Debt Service Payments	-	-	-	-	-	-
13901 Replacement Housing Factor Funds	-	-	-	-	-	-