TENNESSEE HOUSING DEVELOPMENT AGENCY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
FOR THE YEARS ENDED JUNE 30, 1999, AND JUNE 30, 1998
(Expressed in Thousands)

	1999	1998
OPERATING REVENUES		
Mortgage interest income	$ 89,306	$ 95,211
Investment income		
Interest	34,264	47,356
Net increase (decrease) in the fair value of investments (Note 10)	(6,648)	19,927
Fees and other income	981	926
Total operating revenues	117,903	163,420
OPERATING EXPENSES		
Salaries and benefits	2,988	3,030
Contractual services	536	666
Materials and supplies	80	72
Rentals and insurance	227	298
Other administrative expenses	34	121
Other program expenses	633	411
Interest expense	99,919	106,005
Mortgage service fees	4,214	4,391
Issuance costs	208	343
Depreciation	74	66
Total operating expenses	108,913	115,403
Operating income	8,990	48,017
NONOPERATING REVENUES (EXPENSES)		
Federal grants revenue	39,208	42,728
Interdepartmental tax revenue	18,585	16,277
Federal grants expenses	(39,208)	(42,728)
Local grants expenses	(11,598)	(7,615)
Total nonoperating revenues (expenses)	6,987	8,662
Income before transfer and extraordinary loss	15,977	56,679
Operating transfer to primary government	-	(43,000)
Income before extraordinary loss	15,977	13,679
Extraordinary loss on early retirement of debt (Note 4)	(695)	(119)
Net income	15,282	13,560
Retained earnings, July 1	311,413	279,736
Cumulative effect of a change in accounting principle (Note 10)	-	18,117
Retained earnings, July 1, as restated	311,413	297,853
Retained earnings, June 30	$ 326,695	$ 311,413

The Notes to the Financial Statements are an integral part of this statement.