Columbus Metropolitan Housing Authority

Consolidated Financial Statements, Supplemental Financial Data Schedules, and Federal Financial Data Schedules as of and for the Year Ended December 31, 2008, and Independent Auditors' Report; and Schedule of Findings and Questioned Costs for the Year Ended December 31, 2008 (Restated) and Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Federal Award Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 (Restated)

Mary Taylor, CPA
Auditor of State

Board of Commissioners
Columbus Metropolitan Housing Authority
880 East 11th Avenue
Columbus, Ohio 43211

We have reviewed the *Independent Auditors' Report* of the Columbus Metropolitan Housing Authority, Franklin County, prepared by Deloitte & Touche LLP, for the audit period January 1, 2008 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Columbus Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 27, 2009

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COLUMBUS METROPOLITAN HOUSING AUTHORITY

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Note: ("As Restated") indicates the Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Federal Award Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and the Schedule of Findings and Questioned Costs have been restated to reflect CFDA #14.872, Public Housing Capital Fund Program, as a major program.

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners of
the Columbus Metropolitan Housing Authority:

We have audited the accompanying consolidated statement of net assets of the Columbus Metropolitan Housing Authority (the "Authority") as of December 31, 2008, and the related consolidated statements of revenues, expenses, and changes in net assets, and of cash flows for the year then ended. These consolidated financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We did not audit the balance sheets of the discretely presented component units, Rosewind Limited Partnership, Gender Road Limited Partnership, Jenkins Terrace, LLC, and Worley Terrace, LLC, as of December 31, 2008, and the related statement of operations and changes in equity for the year then ended. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Rosewind Limited Partnership, Gender Road Limited Partnership, Jenkins Terrace, LLC, and Worley Terrace, LLC, is based solely on the report of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The financial statements of Gender Road Limited Partnership, Worley Terrace, LLC, and Jenkins Terrace, LLC were not audited in accordance with *Government Auditing Standards*, but were audited in accordance with auditing standards generally accepted in the United States of America. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, such consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Authority and its discretely presented component units as of December 31, 2008, and its changes in net assets and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3 to 9 is not a required part of the consolidated financial statements, but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the Authority's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit such information, and we do not express an opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Authority's consolidated financial statements taken as a whole. The consolidating statements of net assets information and the consolidating statement of revenues and expenses information on pages 42-48 are presented for the purpose of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual programs and entities and are not a required part of the consolidated financial statements. These schedules are the responsibility of the Authority's management. Such information has been subjected to the auditing procedures applied by us in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the Authority's basic consolidated financial statements. The schedule of expenditures of federal awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, on page 49 and the schedules of actual modernization costs on pages 51 to 53, as required by the U.S. Department of Housing and Urban Development, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. These schedules are the responsibility of the Authority's management. Such information has been subjected to the auditing procedures applied by us in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2009, on our consideration of internal control over financial reporting and our tests of the Authority's compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Deloitte + Touche LLP

April 22, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS
COLUMBUS METROPOLITAN HOUSING AUTHORITY
DECEMBER 31, 2008

As management of the Columbus Metropolitan Housing Authority (the "Authority"), we offer readers of the Authority's consolidated financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2008. We encourage readers to consider the information presented here in conjunction with the Authority's consolidated financial statements. This Management Discussion and Analysis focuses on the operations of the Authority and not its discretely presented component units, Rosewind Limited Partnership, Gender Road Limited Partnership, Jenkins Terrace, LLC, and Worley Terrace, LLC. Information pertaining to the discretely presented component units is located in footnotes 13 to 16 to the consolidated financial statements.

OVERVIEW OF THE CONSOLIDATED FINANCIAL STATEMENTS

The annual financial report consists of two parts: Management's Discussion and Analysis (this section) and the basic consolidated financial statements. The Authority follows enterprise fund reporting; accordingly, the consolidated financial statements are presented using a flow of economic resources measurement focus and the accrual basis of accounting. These statements, as presented, are very similar to a commercial entity's financial statements.

The Authority is a special-purpose government agency engaged only in business-type activities. The basic financial statements are designed to be corporate-like in that all business-type programs are consolidated into one single enterprise for the Authority.

These statements include Consolidated Statement of Net Assets, which is similar to a Balance Sheet. The Consolidated Statement of Net Assets reports all financial and capital resources of the Authority. The statement is presented in the format where assets minus liabilities equal "Net Assets", formerly known as equity. Assets and liabilities are presented in order of liquidity and are classified as "Current" (convertible to cash within one year) and "Noncurrent."

The focus of the Consolidated Statement of Net Assets (Unrestricted Net Assets) is designed to represent the net available liquid (noncapital) assets, net of liabilities, for the entire Authority. Net Assets (formerly equity) are reported in three broad categories (as applicable):

> Net Assets, Invested in Capital Assets, Net of Related Debt: This component of Net Assets consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
>
> Restricted Net Assets: This component of Net Assets consists of restricted assets, when constraints are placed on an asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.
>
> Unrestricted Net Assets: Consists of Net Assets that do not meet the definition of "Net Assets Invested in Capital Assets, Net of Related Debt", or "Restricted Net Assets".

The basic consolidated financial statements also include a Consolidated Statement of Revenues, Expenses, and Changes in Net Assets (similar to the Income Statement). This statement includes Operating Revenues (such as rental income), Operating Expenses (such as administrative), utilities, Housing Assistance Payments, maintenance and depreciation, and Nonoperating Revenue and Expenses, such as grants revenue, interest income, and interest expense.

The focus of the Consolidated Statement of Revenues, Expenses, and Changes in Fund Net Assets is the "Change in Net Assets", which is similar to Net Income or Loss.

Finally, a Consolidated Statement of Cash Flow is included which discloses net cash provided by or used for operating activities, noncapital financing activities, investing activities, and capital and related financing activities.

FINANCIAL HIGHLIGHTS

During the year ended December 31, 2008:

- The Authority's total assets decreased by $15,305,970 or 8.8%
- Total liabilities increased by $3,926,994 or 17.3%
- Total revenues increased by $76,473,592; of this amount; $85,374,413 is due to an increase in the number of contracts being administrated by CMHA's wholly owned subsidiary, Assisted Housing Services Corporation (AHSC).
- Total expenses increased by $99,560,539; of this amount $82,829,622 related to housing assistance payments made by AHSC

The Authority's programs that are consolidated into a single enterprise fund are as follows:

PHA Owned Rental Housing – Under the Public Housing Program, the Authority rents units it owns to low-income households. This program operates under an Annual Contribution Contract with U.S. Department of Housing and Urban Development (HUD). Operating subsidy is provided by HUD to enable the Authority to provide the housing at a rent that is based upon 30% of adjusted gross income.

Effective January 1, 2008, HUD has implemented its new Operating Fund Program that included two major provisions: 1) to establish a new formula for determining operating subsidy and 2) implementation of asset based management. This new HUD regulation required that CMHA establish project-based accounting, budgeting, and management. Administrative overhead cost that were previously allocated to the other funds were replaced with management and bookkeeping fees. Under the regulations, CMHA charged the projects for centralized maintenance services received. The fees charged were used to fund the operation of the Central Office Cost Center.

Due to the significant changes in Public Housing financing stemming from the conversion to Asset-Based Management and the continuing reductions in funding for operating expenses, the Authority undertook a thorough analysis of its public housing stock and its impact upon the community. The Authority was confronted with an aging inventory (only five projects are less than 25 years old), high-rise structures that are inappropriate for the local market, projects in unstable neighborhoods, and projects in financial and physical distress. In some cases, the Authority projects are even considered obstacles to neighborhood revitalization by local organizations and public officials.

The Authority engaged in extensive dialogue with local elected officials, neighborhood organizations, other non-profit housing related organizations, and resident groups, Legal Aid, the Community Shelter Board for the homeless, and other interest groups. The Authority also engaged recognized real estate experts to assess the marketability of its projects if they were converted to market rate affordable rental housing, the ability of the local market to absorb residents who must be relocated, capital improvement needs, and potential rehabilitation costs.

In general terms, participants in these dialogues agreed that the Authority must take action to maintain its financial solvency, dispose of projects that are physically distressed and are a detriment to their neighborhoods, and importantly, insure that residents are relocated to comparable housing in nonimpacted areas. The Authority developed a plan to demolish or sell 1,972 Public Housing units over next five years and submitted the plan to HUD for approval. Our plan was approved and we will begin implementing the plan in 2009.

Based upon our disposition plan, we considered the units to be impaired since we will be disposing of the units within the next five years. We have lowered the value of the assets by writing down the assets to their remaining useful life based upon our asset disposal plan. In the current year consolidated financial statements, we have reported $17,904,678 as an extraordinary expense item to reflect the impairment loss.

Section 8 – Through Annual Contribution Contracts with HUD, the Authority receives funding to subsidize the rent of low-income families in the private market and earns an administrative fee to cover the program's operating costs.

Capital Grant Fund – This Grant provides funding to improve the physical conditions and upgrade management of operations to insure that the properties continue to be available to service low-income families.

Performance Based Contract Administration – The Authority provides contract administrative services for units receiving project based Section 8 housing assistance throughout the State of Ohio. In August 2004, the Authority was awarded a contract by HUD to provide similar contract administrative services to Washington D.C.

- Under the new HUD Asset Management requirements, a separate fund was established to capture administrative overhead and centralized maintenance costs. Expenses charged to Central Office Cost Center were recovered by charging management, bookkeeping, and services fees to other programs.

Other Business – The Authority has other business ventures that are not dependent upon HUD funding. These programs consist of six funds that provide resources for other business activities. Five of the funds are wholly owned subsidiaries that were established to own land and housing units and participate in limited partnerships and limited liability corporations. One program provides a source of funds for other related housing activities.

The Authority also receives funding for Other Section 8 programs that have multiple year funding but are not considered major programs.

BASIC CONSOLIDATED FINANCIAL STATEMENTS

The following table reflects the Consolidated Statement of Net Assets compared to the prior year:

Table 1
Consolidated Statement of Net Assets
(In millions)

	2008	2007
Assets:		
Current and other assets	$ 93.6	$ 83.7
Capital assets	66.0	91.2
Total assets	$ 159.6	$ 174.9
Liabilities:		
Current liabilities	$ 18.4	$ 14.2
Long-term liabilities	8.2	8.5
Total liabilities	26.6	22.7
Net Assets:		
Invested in capital assets – net of related debt	58.3	83.2
Restricted	12.7	9.8
Unrestricted	62.0	59.2
Total net assets	133.0	152.2
Total liabilities and net assets	$ 159.6	$ 174.9

For more detailed information, see the Consolidated Statement of Net Assets.

MAJOR FACTORS AFFECTING THE CONSOLIDATED STATEMENT OF NET ASSETS

Current and other assets increased by $9.9 million while liabilities increased by $4.2 million. Current Assets include Cash and Investments that increased by $7.5 million due to: 1) $4.1 million for current year HAP from HUD, 2) $3.1 million increase in cash and investments, and 3) $.3 million increase from other operation changes.

Other assets increased by $2.5 million due to CMHA's investment in a Low-Income Tax credit housing project of $2.3 million and an increase in accounts receivable by $.2 million.

Capital Assets decreased by $25.2 million due primarily to acquisitions of assets ($2.4 million) less current year depreciation ($9.7 million), less impairment charge ($17.9 million), and retirement of Assets ($.1 million).

Table 2
Change of Unrestricted Net Assets
(In millions)

Unrestricted Net Assets — December 31, 2007	$ 59.2
Results of operation	(19.2)
Depreciation/Impairment (1)	27.6
Capital expenditures	(4.8)
Change in restricted assets	(2.9)
Change in other investments	2.1
Unrestricted Net Assets — December 31, 2008	$ 62.0

(1) Depreciation is treated as an expense and reduces the results from operations, but does not have an impact on Unrestricted Net Assets.

While the results of operations measure the Authority's activity, an analysis of the changes in Unrestricted Net Assets provides an additional picture of the change in financial well being of the Authority.

CONSOLIDATED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

The Consolidated Statement of Revenues, Expenses, and Changes in Net Assets present the operating results of the Authority, as well as the nonoperating revenues and expenses. HUD subsidies and grants, while budgeted for operations, are considered nonoperating revenues according to accounting principles generally accepted in the United States of America. Condensed information from the Authority's Consolidated Statement of Revenues, Expenses, and Changes in Net Assets follows:

Table 3
Consolidated Statement of Revenues, Expenses, and Changes in Net Assets
(In millions)

	2008	2007
Revenues:		
Rental income	$ 5.1	$ 5.3
Operating subsidy and grants	38.8	34.6
Subsidy for housing assistance payment	529.9	453.7
Capital grants	4.6	9.1
Investment income	1.2	1.8
Other income	5.1	4.2
Gain (loss) in sale of property	0.2	(0.5)
Total revenues	584.9	508.2

Expenses:		
Administrative and tenant services	$ 31.7	$ 28.4
Utilities	3.7	3.4
Maintenance and operations	5.5	5.6
Protective services	0.7	0.5
General	5.8	2.3
Housing assistance payment	529.9	453.7
Interest expense	0.4	0.4
Depreciation	9.7	10.1
Extraordinary item - Loss on Impairment	17.9	0.0
Extraordinary item - Gain on Insurance proceeds	(1.2)	0.0
Total Expenses	604.1	504.4
Change in net assets	$ (19.2)	$ 3.8

MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

Subsidy for Housing Assistance Payments increased substantially due to the growth of the AHSC in Ohio and Washington D.C. An extraordinary expense item of $17.9 million was recorded to reflect an impairment loss and an extraordinary gain of $1.2 million was reported for an insurance recovery. Other expenses increased due to inflation.

CAPITAL ASSETS

As of December 31, 2008, the Authority had $66.0 million invested in Capital Assets as reflected in the schedule below, which represents a net decrease (additions, deductions and depreciation) of $25.2 million from the end of last year.

Table 4
Capital Assets at December 31, 2008
Net of Depreciation
(In millions)

	2008	**2007**
Land	$ 2.9	$ 2.9
Buildings	224.0	221.0
Equipment	6.3	6.0
Accumulated depreciation	(174.3)	(146.8)
Construction in process	7.1	8.1
Total	$ 66.0	$ 91.2

The following reconciliation summarizes the change in Capital Assets:

Table 5
Change in Capital Assets
(In millions)

Beginning balance	$ 91.2
Additions	4.8
Retirements — net of depreciation	(2.4)
Impairment	(17.9)
Depreciation	(9.7)
Ending balance	$ 66.0
Major activities for this year were:	
Modernization of units	$ 2.4
Construction of new units	2.2
Equipment purchases	0.2
Total additions	$ 4.8

As of December 31, 2008, the Authority has $7.6 million in debt (bonds and notes) outstanding, including the current portion of $0.3 million compared to $8.0 million last year, a $0.4 million decrease.

Table 6
Outstanding Debt
(In millions)

	2008	2007
Business type:		
Energy program	$ 2.4	$ 2.7
Capital improvements	5.2	5.3
Less current portion	(0.3)	(0.3)
Total	$ 7.3	$ 7.7

ECONOMIC FACTORS

Significant economic factors affecting the Authority in 2008 are as follows:

- The slow economy has an impact on low-income households' ability to pay rent.
- Federal funding is at the discretion of the HUD and is insufficient to cover operating cost and capital improvements for Public Housing Units.
- Increased costs for health and property insurance, plus utility rate increases negatively affected the cost to operate the programs.

COLUMBUS METROPOLITAN HOUSING AUTHORITY

CONSOLIDATED STATEMENT OF NET ASSETS
AS OF DECEMBER 31, 2008

ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents — including restricted cash of $18,037,911	$ 24,764,270
Accounts receivable — net:	
Tenants — net of allowance for doubtful accounts of $29,429	175,937
HUD	5,535,374
Other — net of allowance for doubtful accounts of $1,221,183	1,831,150
Notes receivable from discretely presented component units	50,000
Investments	10,821,157
Investments — legally restricted	5,394,368
Inventory	184,933
Prepaid items and other	368,004
Total current assets	49,125,193
NONCURRENT ASSETS:	
Notes receivable from discretely presented component units — net of allowance of $4,591,731	27,746,258
Capital assets:	
Land	2,948,387
Other property and equipment — net of accumulated depreciation of $174,334,459	63,038,647
Other noncurrent assets	16,789,969
Total noncurrent assets	110,523,261
TOTAL	$159,648,454
LIABILITIES	
CURRENT LIABILITIES:	
Accounts payable:	
Trade	$ 6,238,966
HUD	352,115
Other	252,813
Accrued expenses	1,303,350
Deferred credits	9,522,780
Trust and deposit liabilities	441,610
Bonds and notes payable — current	344,246
Total current liabilities	18,455,880
NONCURRENT LIABILITIES:	
Bonds payable	5,195,000
Notes payable	2,097,279
Accrued compensated absences — noncurrent portion	230,303
Other liabilities	634,492
Total noncurrent liabilities	8,157,074
Total liabilities	26,612,954
NET ASSETS:	
Invested in capital assets — net of related debt	58,350,509
Restricted	12,652,680
Unrestricted	62,032,311
Total net assets	133,035,500
TOTAL	$159,648,454

See notes to consolidated financial statements.

COLUMBUS METROPOLITAN HOUSING AUTHORITY

CONSOLIDATED BALANCE SHEET — COMPONENT UNITS
AS OF DECEMBER 31, 2008

	Rosewind Limited Partnership	Gender Road Limited Partnership	Jenkins Terrace LLC	Worley Terrace LLC	Total
ASSETS					
RENTAL PROPERTY:					
Buildings	$25,823,047	$ 8,193,574	$12,263,805	$12,252,520	$ 58,532,946
Furniture and fixtures	454,160	95,268	130,629	410,988	1,091,045
Construction in process		16,600			16,600
Less accumulated depreciation	(9,674,833)	(2,468,405)	(582,793)	(210,526)	(12,936,557)
Net rental property	16,602,374	5,837,037	11,811,641	12,452,982	46,704,034
CASH	140,977	11,114	68,077	65,320	285,488
CASH RESERVES	1,379,913	512,678	476,529	3,514	2,372,634
ACCOUNTS RECEIVABLE	4,472	25,491	8,597	1,560	40,120
MONITORING FEES	7,600				7,600
OTHER ASSETS	66,568	22,044	148,365	9,843	246,820
TOTAL	$18,201,904	$ 6,408,364	$12,513,209	$12,533,219	$ 49,656,696
LIABILITIES AND PARTNERS'/MEMBER'S EQUITY					
LIABILITIES:					
Accounts payable — trade	$ 139,547	$ 81,749	$ 59,842	$ 2,605,386	$ 2,886,524
Accrued expenses	74,132	31,064	32,885	1,949,593	2,087,674
Tenants' security deposits	54,129	26,684	24,975	23,060	128,848
Notes payable to primary government	18,921,789	6,265,082			25,186,871
Total liabilities	19,189,597	6,404,579	117,702	4,578,039	30,289,917
PARTNERS'/MEMBER'S EQUITY:					
General partners'/member's equity	(987,693)	91,744	8,162,246	8,309,967	15,576,264
Limited partners		276,931	4,719,633	5,404,700	10,401,264
Less note receivable from limited partners		(364,890)	(486,372)	(5,759,487)	(6,610,749)
Total partners'/member's equity	(987,693)	3,785	12,395,507	7,955,180	19,366,779
TOTAL	$18,201,904	$ 6,408,364	$12,513,209	$12,533,219	$ 49,656,696

See notes to consolidated financial statements.

COLUMBUS METROPOLITAN HOUSING AUTHORITY

CONSOLIDATED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2008

OPERATING REVENUES:	
Rental	$ 5,129,223
Other	5,078,594
Total operating revenues	10,207,817
OPERATING EXPENSES:	
Housing assistance payments	529,894,504
Depreciation	9,681,010
Administration	31,218,145
Tenant services	466,389
Utilities	3,708,219
Ordinary maintenance and operations	5,531,368
Protective services	706,849
General expenses	5,832,904
Total operating expenses	587,039,388
OPERATING LOSS	(576,831,571)
NONOPERATING REVENUES (EXPENSES):	
HUD grants	568,712,263
HUD capital grants	4,625,465
Interest income	1,168,989
Interest expense	(366,659)
Gain on disposal of assets	155,961
Total nonoperating revenues	574,296,019
EXTRAORDINARY ITEMS — Loss on impairment	(17,904,678)
EXTRAORDINARY ITEMS — Gain on insurance proceeds	1,207,266
CHANGE IN NET ASSETS	(19,232,964)
NET ASSETS — Beginning of year	152,268,464
NET ASSETS — End of year	$ 133,035,500

See notes to consolidated financial statements.

COLUMBUS METROPOLITAN HOUSING AUTHORITY

CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN EQUITY — COMPONENT UNITS FOR THE YEAR ENDED DECEMBER 31, 2008

	Rosewind Limited Partnership	Gender Road Limited Partnership	Jenkins Terrace LLC	Worley Terrace LLC	Total
REVENUES:					
Rental	$ 1,169,019	$ 536,217	$ 462,811	$ 89,801	$ 2,257,848
Other	19,047	35,500			54,547
Interest	33,261	7,759	19,926	262,048	322,994
Total revenues	1,221,327	579,476	482,737	351,849	2,635,389
EXPENSES:					
Depreciation	847,919	309,052	388,732	210,526	1,756,229
Maintenance and decorating	356,462	187,972	154,545	51,381	750,360
Administrative and personnel	249,429	124,626	132,294	81,122	587,471
Water and sewer	154,027	88,135	18,315	7,839	268,316
Insurance expense	104,028	35,468	21,090	8,102	168,688
Management fee	95,165	39,130	42,936	12,215	189,446
Payment in lieu of taxes	29,869	3,162	7,500		40,531
Utilities	57,790	18,767	76,716	23,177	176,450
Interest expense				173,840	173,840
Audit and tax return	11,300	9,300			20,600
Bad debts	56,490	15,104			71,594
Asset management fee	8,532	5,256			13,788
Amortization	1,900	792	5,232	85,163	93,087
Total expenses	1,972,911	836,764	847,360	653,365	4,310,400
NET LOSS	(751,584)	(257,288)	(364,623)	(301,516)	(1,675,011)
EQUITY (DEFICIENCY IN NET ASSETS) — Beginning of year	(236,109)	114,900	11,967,783	956,906	12,803,480
CURRENT-YEAR CONTRIBUTIONS		146,173	792,347	7,299,790	8,238,310
EQUITY (DEFICIENCY IN NET ASSETS) — End of year	$ (987,693)	$ 3,785	$ 12,395,507	$ 7,955,180	$ 19,366,779

See notes to consolidated financial statements.

COLUMBUS METROPOLITAN HOUSING AUTHORITY

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from tenants	$ 5,071,328
Cash payments to suppliers for goods and services	(34,632,692)
Cash paid for salaries and benefits	(12,313,680)
Housing assistance payments	(529,894,504)
Other receipts	6,563,823
Other payments	50,000
Net cash used in operating activities	(565,155,725)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES — HUD operating subsidies and grants	572,405,116
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
HUD capital grants	4,402,964
Property and equipment additions	(2,326,551)
Repayment of debt and capital lease obligations	(337,784)
Interest paid debt and capital lease obligations	(367,166)
Proceeds from the sale of capital assets	323,654
Proceeds from insurance recovery	1,207,266
Notes receivable from sale of assets	118,187
Investment in joint ventures	(2,064,979)
Net cash provided by capital and related financing activities	955,591
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of investments	(15,441,109)
Proceeds from maturity of investments	7,740,393
Interest income	980,933
Net cash used in investing activities	(6,719,783)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,485,199
CASH AND CASH EQUIVALENTS BALANCE (Including restricted cash of $13,838,219) — beginning of year	23,279,071
CASH AND CASH EQUIVALENTS BALANCE (Including restricted cash of $18,037,911) — end of year	$ 24,764,270
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:	
Operating loss	$ (576,831,571)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	9,681,010
Provision for uncollectible accounts	3,008,368
Amortization of bond issuance costs	6,375
Change in operating assets and liabilities:	
Accounts receivable — tenants	(7,550)
Accounts receivable — other	(1,507,568)
Inventory	9,509
Prepaid expenses and other assets	206,899
Accounts payables	395,710
Accrued expenses and other	(88,254)
Security and other deposits	(28,653)
NET CASH USED IN OPERATING ACTIVITIES	$ (565,155,725)

See notes to consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Entity — Columbus Metropolitan Housing Authority (the “Authority”) is organized under the laws of the State of Ohio for purposes of acquiring, developing, leasing, operating, and administering low-rent housing programs.

The U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering the Low-Rent Housing Program under the United States Housing Act of 1937, as amended. HUD is authorized to contract with local housing authorities in financing the acquisition, construction, and/or leasing of housing units; to make housing assistance payments; and to make annual contributions (“subsidies”) to the local housing authorities for the purposes of maintaining the low-rent character of the local housing program. Under an administrative form of contract, HUD has conveyed certain federally built housing units to the Authority for low-rent operations.

The Authority provides contracted services to certain housing authorities on behalf of HUD. These services are primarily the payment processing and administrative services of an assisted housing program.

The accompanying consolidated financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units — an amendment of GASB Statement No. 14*, in that the consolidated financial statements include all organizations, activities, and functions for which the Authority is financially accountable. Financial accountability is defined by the component unit being fiscally dependent on the Authority. On this basis, the Authority has included Rosewind Limited Partnership; Gender Road Limited Partnership; Jenkins Terrace, LLC; and Worley Terrace, LLC as discretely presented component units.

New Village Homes — In May, 2001, the Authority established The Homes at Second Avenue LLC (“New Village Homes”), a limited liability company under the laws of the State of Ohio, for the purposes of acquiring, developing, leasing, operating, and administering 100 units of multifamily rental housing. The Authority is the sole member of the Board of New Village Homes and is responsible for the operations of New Village Homes. As such, Authority has the ability to impose its will on New Village Homes and it is included as a blended component unit in the Columbus Metropolitan Housing Authority’s consolidated financial statements as required by GASB Statement No. 14.

Rosewind Limited Partnership — Rosewind Limited Partnership was formed on January 7, 1997, for the purposes of constructing, owning, and operating residential apartments for low-income residents of Columbus, Ohio. Rosewind Limited Partnership’s financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP) as prescribed by the Financial Accounting Standards Boards (FASB) Statements and Interpretations. Because of Rosewind Limited Partnership’s fiscal dependency on the Authority, a component unit relationship is deemed to exist. See Note 13 to the consolidated financial statements for additional disclosures regarding Rosewind Limited Partnership.

Gender Road Limited Partnership — Gender Road Limited Partnership was formed on May 23, 1997, for the purposes of acquiring, constructing, owning, and operating an apartment complex for low- and moderate-income residents of Columbus, Ohio. Gender Road Limited Partnership's financial statements are prepared on the accrual basis of accounting in accordance with GAAP as prescribed by the FASB Statements and Interpretations. Because of Gender Road Limited Partnership's fiscal dependency on the Authority, a component unit relationship is deemed to exist. See Note 14 to the consolidated financial statements for additional disclosures regarding Gender Road Limited Partnership.

Jenkins Terrace, LLC — Jenkins Terrace, LLC was formed on January 27, 2004, for the purposes of acquiring, developing, leasing, operating, and administering an apartment complex of 100 single-bedroom, elderly, public housing units in Columbus, Ohio. Jenkins Terrace, LLC's financial statements are prepared on the accrual basis of accounting in accordance with GAAP as prescribed by the FASB Statements and Interpretations. Because of Jenkins Terrace, LLC's dependency on the Authority, a component unit relationship is deemed to exist. See Note 15 to the consolidated financial statements for additional disclosures regarding Jenkins Terrace, LLC.

Worley Terrace, LLC — Worley Terrace, LLC was formed on February 22, 2006, for the purposes of acquiring, developing, leasing, operating, and administering an apartment complex of 100 single-bedroom, elderly, public housing units in Columbus, Ohio. Worley Terrace, LLC's financial statements are prepared on the accrual basis of accounting in accordance with GAAP as prescribed by the FASB Statements and Interpretations. Because of Worley Terrace, LLC's dependency on the Authority, a component unit relationship is deemed to exist. See Note 16 to the consolidated financial statements for additional disclosures regarding Worley Terrace, LLC.

Waggoner Road, LLC (a Related Party) — In October 2002, the Authority established a wholly owned subsidiary, Waggoner Road, LLC, which entered into Waggoner Road Senior Limited Partnership. The general partner is Waggoner Senior Housing, Inc., a wholly owned subsidiary of the National Church Residences, which has a 0.01% interest in the owner entity. The Authority is the special limited partner and will have a 0.01% interest in the owner entity. The limited partner is NHT Fifth Third X Tax Credit Fund LLC, which has a 99.98% interest in the owner entity. The Authority and National Church Residences have entered into development agreements to collaborate for codevelopment of the project.

Basis of Accounting — The accompanying consolidated financial statements, which include the Authority and its wholly owned subsidiaries, are prepared on the accrual basis of accounting in accordance with GAAP, whereby revenues and expenses are recognized in the period earned or incurred. All intercompany balances and transactions have been eliminated in consolidation.

Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Authority follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, that do not conflict or contradict GASB pronouncements. The Authority has elected not to apply FASB Statements and Interpretations issued after November 30, 1989.

Fund Accounting — The Authority maintains its accounting records in accordance with the principles of fund accounting. Fund accounting is designed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in self-balancing groups of accounts and accounting entities that are separate from the activities reported in other funds.

A summary of each of these funds is provided below:

Low-Rent Housing Program Fund — This fund is used to account for the components of the Low-Rent Housing Programs subsidized by HUD. A summary of each of these components is provided below.

PHA-Owned Housing — Under this program, the Authority owns and operates apartments and single-family housing units. Funding is provided by tenant rent payments and HUD subsidies.

Housing Assistance Payments — Under Section 8 of the Low-Rent Housing Program, low-income tenants lease housing units directly from private landlords, rather than from the Authority. HUD contracts with the Authority, which, in turn, contracts with private landlords and makes assistance payments for the difference between the approved contract rent and the actual rent paid by the low-income tenants.

Capital Grant and HOPE VI Funds — Substantially all additions to land, structures, and equipment are accomplished through Capital Grant Programs. Capital Grant Programs replace or materially upgrade deteriorated portions of the Authority's housing units. Funding is provided through grants. The Authority enters into significant construction contract obligations in relation to this modernization and development activity on an ongoing basis.

Other Business Ventures — This program consists of eight funds that provide resources for housing-related activities. Four of the funds are used to account for wholly owned subsidiaries of the Authority, whose goals are to provide affordable housing to low-income individuals and families. The other four funds provide resources for housing-related activities that would otherwise cause undue financial hardship to Low-Rent Housing Program clients.

Revenue Recognition — Subsidies and grants received from HUD and other grantors are generally recognized during the periods to which they relate, and all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Authority must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Authority on a reimbursement basis. Tenant rental revenues are recognized during the period of occupancy. Other receipts are recognized when the related expenses are incurred. Expenses are recognized as incurred.

Cash and Cash Equivalents — For the purposes of the consolidated statement of cash flows, the Authority considers all highly liquid investments with maturity of three or less when purchased to be cash equivalents. The Authority records cash that is only allowed to be expended for certain activities or has restrictions on the use of funds by the sources of the funds as restricted cash.

Investments — The Authority's investments are recorded at fair value. Fair value generally represents quoted market value prices for investments traded in the public marketplace. Investment income, including changes in the fair value of investments, is recorded as nonoperating revenue in the consolidated statement of revenues, expenses, and changes in net assets. Investment income is recognized and recorded when earned and is allocated to programs based upon monthly investment balances.

Inventory — Inventory consists of supplies and maintenance parts carried at the lower of cost or market using the average-cost method and is expensed as inventory is consumed.

Compensated Absences — Compensated absences are accrued as they are earned by employees, using the vesting method, if the following two conditions are met:

The employees' rights to receive compensation are attributable to services already rendered.

It is probable that the employer will compensate the employee for the benefits through paid time off or cash payment. The current portion of accrued compensation absences is included in accrued expenses.

A summary of changes in the accrued compensated absences at December 31, 2008, is as follows:

	Balance 2007	Increase	Decrease	Balance 2008	Due Within One Year
Accrued compensated absences	$396,897	$ -	$(339)	$396,558	$166,255

Capital Assets — Capital assets are recorded at historical cost. Donated capital assets are recorded at their fair value on the date donated. The Authority capitalizes all dwelling and nondwelling equipment, and office equipment that has a cost or fair value on the date of donation greater than $1,000 and a useful life greater than one year. The Authority also capitalizes building or site improvements that cost more than $5,000 and have a useful life greater than one year. Depreciation is calculated on a straight-line method using the half-year convention over the estimated useful lives. When depreciable property is disposed of or sold, the cost and related accumulated depreciation are removed from the accounts, with any gain or loss recognized in the consolidated statement of revenues, expenses, and changes in net assets. The estimated useful lives are as follows:

Equipment and vehicles	3–7 years
Building and site improvements	15 years
Buildings	30 years

Interest costs incurred during the period in which capital assets are being prepared for their intended use are capitalized.

Other Long-Term Liabilities — Other long-term liabilities consist of deposits for the Section 8 — Family Self-Sufficient Program. A summary of the changes in other long-term liabilities is as follows:

	Balance 2007	Increase	Decrease	Balance 2008
Family Self-Sufficient Program deposits	$ 515,114	$ 5,775	$ -	$ 520,889
Other	128,251		(14,648)	113,603
Total	$ 643,365	$ 5,775	$ (14,648)	$ 634,492

Restricted Net Assets — This component of net assets consists of restricted assets when constraints are placed on assets by creditors (through debt covenants), grantors, contributors, laws, regulations, etc.

Use of Estimates — The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Extraordinary Items — Extraordinary items consist of asset impairment of $17.9 million and gain on insurance recovery of $1.2 million. The Authority plans to demolish or sell 1,972 Public Housing units over the next five years. HUD has approved this plan and the Authority plans to start implementing the plan in 2009. Based upon the disposition plan, the Authority considered the units impaired. Also, insurance proceeds for damage to these properties was received for which the repairs will not occur.

New Accounting Standards Not Yet Implemented — In June 2007, GASB issued GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This statement established standards for the capitalization, amortization, and financial reporting of intangible assets, including easements, water rights, timber rights, patents, trademarks, and computer software. The requirements of this statement are effective for periods beginning after June 15, 2009. Management has determined that the implementation of GASB Statement No. 51 will not have an effect on its reported consolidated financial statements.

In November 2007, GASB issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. This statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value. The requirements of this statement are effective for periods beginning after June 15, 2008. Management has determined that the implementation of GASB Statement No. 52 will not have an effect on its reported consolidated financial statements.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Ohio statutes classify monies held by the Authority into three categories.

Active Deposits — These are public deposits necessary to meet current demands for the Authority. Such monies must be maintained either as cash in the Authority’s commercial accounts payable or withdrawal-on-demand accounts, including negotiable order of withdrawal accounts, or in money market deposit accounts.

Interim Deposits — These are deposits of interim monies. Interim monies are those that are not needed for immediate use, but that will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit (CDs) maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Protection of the Authority’s deposits is provided by the Federal Deposit Insurance Corporation by eligible securities pledged by the financial institution as security for repayment, by Surety company bonds deposited with the treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies are to be deposited or invested in the following securities:

- United States Treasury Notes, Bills, Bonds, or other obligations or securities issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States.

- Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association; all federal agency securities shall be direct issuances of the federal government agencies or instrumentalities.

- Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be mark-to-market daily, and that the term of the agreement must not exceed 30 days.

- Bonds and other obligations of the State of Ohio.

- No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.

- The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio ("STAR Ohio").

Investments in stripped principal or interest obligations, reverse purchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within three years from the date of purchase, unless it is matched to a specific obligation or debt of the Authority, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements;* and GASB Statement No. 40, *Deposit and Investment Risk Disclosures — an amendment of GASB Statement No. 3*.

Deposits — The Authority maintains cash, cash equivalents, and investments in separate accounts for the Low-Rent Housing Program Fund and other business ventures.

Cash equivalents include short-term, highly liquid investments that are both readily convertible to known amounts of cash and are so near maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less qualify under this definition.

Cash and cash equivalents of the Authority as of December 31, 2008, are as follows:

Active deposits:	
Deposits with financial institutions	$ 12,522,481
STAR Ohio	12,241,789
Carrying balance	$ 24,764,270

At year-end, the carrying amount of the Authority's deposits was $12,522,481 and the total bank balance was $14,763,579, the difference representing outstanding checks and other in-transit items. Of the bank balance, $600,000 was covered by federal depository insurance, $400 was maintained in petty cash funds, and the remainder is uncollateralized as defined by the GASB (covered by collateral pools held by third-party trustees pursuant to Section 135.181 of the Ohio Revised Code in collateral pools securing all public funds on deposit with specific depository institutions, but not in the Authority's name).

At December 31, 2008, the Authority had $12,241,789 held in STAR Ohio. STAR Ohio is a highly liquid investment pool with participation restricted to subdivisions of the State of Ohio. Under Ohio Revised Code Section 135.143, STAR Ohio is restricted to investing in obligations of the U.S. government and other instruments issued by the State of Ohio and its political subdivisions. Due to the highly liquid nature of the fund, STAR Ohio resembles a money market fund, and therefore, has been treated as a cash equivalent by the Authority in the consolidated financial statements. The Authority's investment in the pool is not subject to custodial credit risk categorization, because it is not evidenced by securities that exist in physical or book entry form.

Investments — The Authority's investments and maturities as of December 31, 2008, are as follows:

	Fair Value	Maturity Date	Credit Rating S & P/Moody's
CD	$ 2,615,000	January 15, 2009	AAA/Aaa
CD	5,600,000	January 14, 2009	N/A
CD	7,000,000	June 1, 2010	N/A
CD	85,151	March 6, 2009	N/A
CD	525,013	April 21, 2009	N/A
CD	200,000	August 21, 2009	N/A
CD	100,000	March 6, 2009	N/A
Mutual funds	29,834	N/A	N/A
Guaranteed investment contract	60,527	N/A	N/A
Total	$16,215,525		

Interest Rate Risk — Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date.

Concentration of Credit Risk — The Authority places no limit on the amount it may invest with one issuer. The Authority's total investments are:

CDs	99.4 %
Guaranteed investment contract	0.2
Mutual funds	0.4
Total	100.0 %

Custodial Credit Risk — For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Except for the mutual fund, all of the Authority's investments balances are collateralized by underlying securities pledged by the investment's counterparty, not in the name of the Authority.

As of December 31, 2008, the Authority maintains cash balances of $18,037,911 and investments of $5,679,746, which are restricted as to their use. Of these amounts, $8,393,849 is restricted to funding construction of housing and repaying related debt, $10,121,077 for housing assistance payments, and $5,202,731 is restricted for other purposes.

3. NOTES RECEIVABLE

In March 1997, the Authority entered into a loan agreement (the "Rosewind Note") with Rosewind Limited Partnership, a component unit of the Authority (see Note 10), for the construction of low-income housing. The Rosewind Note matures 35 years from the date of the Rosewind Note and is payable in annual installments of $25,000 without interest until maturity, when the remaining balance is due. The balance of the Rosewind Note is $18,921,789, and is presented net of allowance for doubtful accounts of $4,127,684 as of December 31, 2008.

The Rosewind Note is collateralized by an open-end mortgage granting the Authority a security interest in certain real property of Rosewind Limited Partnership.

In August 2000, the Authority entered into a promissory note (the "Gender Road Note") with Gender Road Limited Partnership, a component unit of the Authority (see Note 10), for the purchase of low-income housing for a maximum amount of $10,000,000 without interest. The Gender Road Note agreement provides that Gender Road Limited Partnership will make minimum annual payments to the Authority in the amount of $25,000, and the remaining balance of the principal will be due 35 years from the date of the Gender Road Note. The balance of the Gender Road Note is $6,265,082, and is presented net of allowance for doubtful accounts of $464,047 at December 31, 2008.

The Gender Road Note is collateralized by an open-end mortgage granting the Authority a security interest in certain real property of Gender Road Limited Partnership.

In October 2002, the Authority entered into a promissory note (the "Waggoner Note") with Waggoner Senior Housing Limited Partnership (see Note 10) for the development of low-income housing in the amount of $262,000. The Waggoner Note agreement has an annual interest rate of 4.9% and provides that payments are deferred until cash flows are sufficient to make payments, and the entire balance of principal and all unpaid interest shall be due and payable 40 years from the date of the Waggoner Note. The balance of the Waggoner Note is $262,000 at December 31, 2008.

In December 2002, the Authority entered into a Construction Loan (the "Waggoner Construction Loan") with Waggoner Senior Housing Limited Partnership (see Note 10) for the development of low-income housing. In 2006, the construction on the 75-unit housing project was completed, and the Waggoner Construction Loan in the amount of $1,753,830 was issued to Waggoner Senior Housing Limited Partnership. The Waggoner Construction Loan has an annual interest rate of 0.5% and provides that all payments are deferred until cash flows are sufficient to make payments, and the entire balance of principal and all unpaid interest shall be due and payable 40 years from the date of the Waggoner Construction Loan. The balance of the Waggoner Construction Loan is $1,753,830 at December 31, 2008.

The Waggoner Note and the Waggoner Construction Loan are collateralized by an open-end mortgage granting the Authority a security interest in certain real property of Waggoner Senior Housing Limited Partnership.

In August 2005, the Authority entered into a promissory note (the "Jenkins Note") with Jenkins Terrace, LLC (see Note 10) for the development of low-income elderly housing in the maximum amount of $14,000,000. The Jenkins Note was amended in December 2007 to convert $8,162,470 of the loan amount to a capital contribution. The Jenkins Note agreement has an annual interest rate of 0.5% and was modified to limit the note amount to Jenkins Terrace, LLC's investor member equity contributions. The balance of the Jenkins Note was paid in full during 2008.

In February 2006, the Authority entered into an agreement with Worley Terrace, LLC (see Note 10) whereby the Authority will provide a capital contribution of $7,810,325 and a promissory note (the "Worley Note") of $2,385,297 for the development of low-income elderly housing. The Worley Note has an annual interest rate of 8% and provides that payment are deferred until cash flows are sufficient to make payments, and the entire balance of principal and interest is due no later than 90 days after qualified occupancy.

The Worley Note is collateralized by an open-end mortgage granting the Authority security interest in certain real property of Worley Terrace, LLC. As of December 31, 2008, Worley Terrace, LLP has not drawn on the Worley Note.

4. CAPITAL ASSETS

The changes in capital assets during the year ended December 31, 2008, are as follows:

	Balance 2007	Additions	Disposals	Transfers	Balance 2008
Land	$ 2,948,387	$ -	$ -	$ -	$ 2,948,387
Site improvements	28,917,053	24,500	(732)	313,857	29,254,678
Buildings	180,546,120		(189,501)	2,920,112	183,276,731
Community buildings	11,500,762				11,500,762
Other capital assets	6,062,579	113,360	(17,337)	115,300	6,273,902
Construction in process	8,074,681	4,620,319		(5,617,877)	7,077,123
Total	238,049,582	4,758,179	(207,570)	(2,268,608)	240,331,583
Accumulated depreciation	(146,798,963)	(9,681,010)	(17,864,576)		(174,344,549)
Capital assets — net	$ 91,250,619	$(4,922,831)	$(18,072,146)	$(2,268,608)	$ 65,987,034

5. PAYMENT IN LIEU OF TAXES

The Authority has executed a cooperation agreement with the City of Columbus that provides for tax exemption of the housing projects, but requires the Authority to make payments in lieu of taxes for municipal services received based upon a prescribed formula related to rental income. In 2008, those payments totaled $297,958.

6. RISK MANAGEMENT

The Authority maintains comprehensive insurance coverage with private carriers for real property, building contents, directors, and officers' liability insurance and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

The Authority is a member of Housing Authority Risk Retention Group (HARRG), which is a comprehensive general liability insurance group operated as a joint venture by its 742 public housing authority members. Through HARRG, the Authority carries $5,000,000 of general liability coverage, with a $10,000 deductible, as well as $1,000,000 of law enforcement liability, with a $10,000 deductible; $1,000,000 of public officials' errors and omissions coverage, with a $50,000 deductible; $100 million of property with a $25,000 deductible; $1,000,000 flood and earthquake with a $100,000 deductible; $50 million boiler with a $1,000 deductible; and $100, 000 coverage for mold or other fungus, with a $25,000 deductible. The Authority paid $524,668 in premiums to HARRG for the year ended December 31, 2008.

In addition, the Authority provides medical benefits to most of its employees on a fully insured basis with an independent insurance company. The premium rate is calculated based on claim history and administrative costs.

The Authority is part of the statewide plan for workers' compensation insurance coverage.

There were no changes to the above policies during the current fiscal year. Claims experience over the past three years indicates that there were no instances of losses exceeding insurance coverage.

7. BONDS AND NOTES PAYABLE

A rollforward of the Authority's long-term debt at December 31, 2008, is as follows:

	Balance 2007	Increase	Decrease	Balance 2008	Due Within One Year
Bonds payable	$ 5,300,000	$ -	$ 55,000	$ 5,245,000	$ 50,000
Notes payable	2,674,312		282,784	2,391,528	294,249
Total	$ 7,974,312	$ -	$ 337,784	$ 7,636,528	$ 344,249

Bonds Payable — In December 2002, New Village Homes issued $5,420,000 of Columbus Metropolitan Housing Authority Multifamily Housing Mortgage Revenue Bonds, Series 2003A for the construction of the New Village Homes Project. Principal payments are due at various intervals, with the balance due on November 20, 2044. The interest rate is 5.4%. The future debt service at December 31, 2008, is as follows:

Maturity Date	Principal Amount	Interest Amount	Total
2009	$ 50,000	$ 263,522	$ 313,522
2010	55,000	261,499	316,499
2011	55,000	259,199	314,199
2012	60,000	256,977	316,977
2013–2017	350,000	1,238,664	1,588,664
2018–2022	440,000	1,140,901	1,580,901
2023–2027	585,000	1,014,809	1,599,809
2028–2032	760,000	847,070	1,607,070
2033–2037	1,000,000	624,937	1,624,937
2038–2042	1,305,000	333,894	1,638,894
2043–2044	585,000	33,056	618,056
Total	$ 5,245,000	$ 6,274,528	$ 11,519,528

Notes Payable — In April 2001, HUD changed operating funding regulations to encourage housing authorities to make physical improvements for energy conservation measures that are financed by a loan, with repayment of the loan coming from energy savings. In June 2003, the Authority entered into an agreement with Honeywell, Inc. ("Honeywell") to make specific energy-saving improvements in selected Authority developments. The agreement included a financing arrangement with Honeywell to lend the Authority $3,659,960 for 12 years at 3.98% interest to cover construction costs. As part of the agreement, Honeywell guaranteed that savings from the energy conservation measures would be sufficient to cover debt service payments. The loan was assigned to Citibank, N.A. under the same terms as the Honeywell agreement. During construction, the proceeds from the loan were invested in a money market account and drawn down as construction was completed. As of March 2004, all construction was complete, and the first loan payment was made.

Debt service requirements of the notes payable at December 31, 2008, are as follows:

Maturity Date	Principal	Interest	Total
2009	$ 294,246	$ 89,854	$ 384,100
2010	306,175	77,927	384,102
2011	318,585	65,517	384,102
2012	331,499	52,603	384,102
2013–2017	1,141,020	75,300	1,216,320
Total	$2,391,525	$361,201	$2,752,726

8. PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS

The Authority contributes to the Public Employees' Retirement System of Ohio (OPERS), a cost-sharing, multiple-employer, defined benefit pension plan administered by the State of Ohio. OPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Authority to establish and amend benefits is provided by State Statute per Chapter 145 of the Ohio Revised Code. OPERS administers three separate pension plans: The Traditional Pension Plan — a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan — a defined contribution plan; and the Combined Plan — a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer, defined postemployment health care plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including postemployment health care coverage.

OPERS also issues a stand-alone financial report that includes financial statements and required supplementary information. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, OH 43215-4642 or by calling +1 614 222 5601 or +1 800 222 7377.

The Authority's contributions to OPERS, representing 100% of employer contributions, were $1,449,483, $1,347,058, and $1,337,370 for the years ended December 31, 2008, 2007, and 2006, respectively.

Other postemployment benefits for health care costs provided by OPERS are as follows:

- OPERS provides postretirement health care coverage to age and service retirees with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an other post employment benefeits (OPEB) as described in GASB Statement No. 12, *Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers*, and meets the definition of OPEB as described in GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. A portion of each contribution to OPERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. In 2008, state and local employers contributed a rate of 14% of covered payroll and public safety and law enforcement employer units contributed at 17.4%. The portion of employer contributions allocated to health care was 7% in 2008 for all employers. Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. The portion of the Authority's 2008 and 2007 contributions that were used to fund postemployment benefits was $724,741 and $537,487, respectively.

- The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care benefits. The OPERS Postemployment Health Care Plan was established under, and is administrated in accordance with, Internal Revenue Code (IRC) Section 401(h).

- The assumptions and calculations below were based on OPERS's latest actuarial review performed as of December 31, 2007. An individual entry age actuarial-cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor. The investment assumption rate for 2007 was 6.5%. An annual increase of 4% compounded annually is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4% base increase, were assumed to range from 0.5% to 6.3%. Health care costs were assumed to increase at the projected wage inflation rate, plus an additional factor ranging from 0.5% to 4% for the next seven years. In subsequent years (eight and beyond), health care costs were assumed to increase 4% (the projected wage inflation rate).

- OPEBs are advance funded on an actuarially determined basis. As of December 31, 2007, the actuarial value of OPERS's net assets available for OPEB was $12.8 billion. The number of active contributing participants used in the December 31, 2007, actuarial valuation was $364,076. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were $29.8 billion and $17.0 billion, respectively.

The Health Care Preservation Plan adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

9. DEFERRED COMPENSATION

The Authority offers its employees a deferred compensation plan created in accordance with IRC Section 457. The plan, available to all regular employees, permits them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. The Authority made no contributions to the plan in 2008.

All assets of the plan are held in a trust for the exclusive benefit of the participants and their beneficiaries. Investments are managed by the Ohio Public Employees Deferred Compensation Program. The plan is not included in the Authority's consolidated financial statements as the Authority does not hold these assets in a trustee capacity.

10. RELATED ENTITIES

Rosewind Limited Partnership (a Discretely Presented Component Unit) — In November 1996, the Authority established a not-for-profit subsidiary known as Metropolitan Housing Partners (MHP), which is included in other business ventures. MHP is the majority owner, with a 79% interest, in Rosewind GP Corporation, which is the 1% general partner in Rosewind Limited Partnership, a component unit of the Authority (see Note 13). These entities were established to facilitate the construction of low-income housing for which third-party investors will receive low-income tax credits in return for equity investments in Rosewind Limited Partnership.

Construction was funded using HOPE VI grant funds and the proceeds of a bond issuance. The Authority leases to Rosewind Limited Partnership the property on which the low-income housing was constructed. The lease term is for 55 years at $100 per year.

For the year ended December 31, 2008, the Authority has not incurred any accounts payable to Rosewind Limited Partnership for pass-through funds to subsidiaries. Additionally, the Authority has outstanding notes receivable (see Note 3) for the sale of the property.

In March 1998, Franklin County, Ohio, issued $14 million in tax-exempt bonds on behalf of Rosewind Limited Partnership, as the borrower. The proceeds of the bond issuance were used to repay the promissory note agreements owed to the Authority by Rosewind Limited Partnership. The Authority, in turn, pledged the monies and subsequent interest earned, on behalf of Rosewind Limited Partnership, as collateral for the repayment of the tax-exempt bonds issued and interest expense incurred on the bonds. A principal payment in the amount of $25,000 was made during 2008. There were no amounts held in escrow at December 31, 2008.

The Authority has entered into a Development Agreement, Guaranty Agreement, and Pledge Agreement with Rosewind Limited Partnership whereby the Authority has agreed, in consideration for its development fee, to provide to Rosewind Limited Partnership such funds as are necessary to enable Rosewind Limited Partnership to meet cash expenditures for reasonable current costs of owning and operating the project property when they come due to the extent, if any, they exceed cash revenues. The Authority has agreed to pledge $1,431,406 of its developer fee as security for its obligations pursuant to this guaranty.

Rosewind Limited Partnership is allocated Federal Low-Income Housing Tax Credits under the program described by IRC Section 42. These tax credits are not reflected in the accompanying financial statements of the Authority or Rosewind Limited Partnership and, therefore, have not been audited. However, the Partnership Agreement provides for a credit reduction payment. In the event that the total amount of tax credits obtained is less than the total amount projected, the Limited Partners shall reduce their required capital contribution by the amount of the shortfall (as defined in the Partnership Agreement). Further, if the full amount of annual tax credits is not obtained, the General Partner of the project partnership is obligated to pay the Limited Partners the amount of the shortfall. Under the terms of the Partnership Agreement, Rosewind General Partner is required to provide the Limited Partner a maximum of $1,331,406 for this purpose. No credit reduction payments were made during 2008 or 2007. The General Partner does not receive a fee under this provision.

Gender Road Limited Partnership (a Discretely Presented Component Unit) — MHP is also the majority owner, with 79% interest, of Gender Road GP Corporation, which is the 0.1% general partner in Gender Road Limited Partnership, a component unit of the Authority (see Note 14). These entities were established to facilitate the construction of low-income housing for which third-party investors will receive low-income tax credits in return for equity investments in Gender Road Limited Partnership.

Construction has been funded using HOPE VI grant funds and the proceeds of a bond issuance. The Authority leases to Gender Road Limited Partnership the property on which the low-income housing was constructed. The lease term is for 55 years at $100 per year.

For the year ended December 31, 2008, the Authority has not incurred any accounts payable to Gender Road Limited Partnership for pass-through funds to subsidiaries. Additionally, the Authority has outstanding notes receivable (see Note 3) for the sale of the property.

In August 2000, Franklin County, Ohio, issued $6 million in tax-exempt bonds on behalf of Gender Road Limited Partnership, as the borrower. The proceeds of the bond issuance were used to repay the promissory note agreements owed to the Authority by Gender Road Limited Partnership. The Authority, in turn, pledged the monies and subsequent interest earned, on behalf of Gender Road Limited Partnership, as collateral for the repayment of the tax-exempt bonds issued and interest expense incurred on the bonds. A principal payment in the amount of $25,000 was made during 2008.

Gender Road Limited Partnership is allocated Federal Low-Income Housing Tax Credits under the program described by IRC Section 42. These tax credits are not reflected in the accompanying financial statements of the Authority or Gender Road Limited Partnership and, therefore, have not been audited. However, the Partnership Agreement provides for a credit reduction payment. In the event that the total amount of tax credits obtained is less than the total amount projected, the Limited Partners shall reduce their required capital contribution by the amount of the shortfall (as defined in the Partnership Agreement). Further, if the full amount of annual tax credits is not obtained, the General Partner of the project partnership is obligated to pay the Limited Partners the amount of the shortfall. Under the terms of the Partnership Agreement, Gender Road General Partner is required to provide the Limited Partner a maximum of $600,000 for this purpose. No credit reduction payments were made during 2008. The General Partner does not receive a fee under this provision.

Jenkins Terrace, LLC (a Discretely Presented Component Unit) — In March 2005, MHP became the majority owner of Jenkins Terrace Incorporated, with a 75% ownership interest. Jenkins Terrace Inc. is the Managing Member in Jenkins Terrace, LLC, a component unit of the Authority (see Note 15).

These entities were established to facilitate the construction of low-income housing for which third-party investors will receive low-income tax credits in return for equity investments in Jenkins Terrace, LLC.

Construction has been funded using Capital grant funds and the proceeds of a bond issuance. The Authority leases to Jenkins Terrace, LLC the property on which the low-income housing was constructed. The lease term is for 55 years at $100 per year.

For the year ended December 31, 2008, the Authority has not incurred any accounts payable to Jenkins Terrace, LLC for pass-through funds to subsidiaries.

In August 2005, Franklin County, Ohio, issued $6.8 million in tax-exempt bonds on behalf of Jenkins Terrace, LLC, as the borrower. The proceeds of the bond issuance were used to repay the promissory note agreements owed to the Authority by Jenkins Terrace, LLC. The Authority, in turn, pledged the monies and subsequent interest earned, on behalf of Jenkins Terrace, LLC, as collateral for the repayment of the tax-exempt bonds issued and interest expense incurred on the bonds. The funds held in escrow were in the name of Jenkins Terrace, LLC and were recorded in Jenkins Terrace, LLC's financial statements. At December 31, 2008, the balance was $0.

Waggoner Road, LLC (a Related Party) — In October 2002, the Authority established a wholly owned subsidiary, Waggoner Road, LLC, which entered into Waggoner Road Senior Limited Partnership. The general partner is Waggoner Senior Housing, Inc., a wholly owned subsidiary of the National Church Residences, which has a 0.01% interest in the owner entity. The Authority is the special limited partner and will have a 0.01% interest in the owner entity. The limited partner is NHT Fifth Third X Tax Credit Fund LLC, which has a 99.98% interest in the owner entity. The Authority and National Church Residences have entered into development agreements to collaborate for codevelopment of the project.

The codevelopers expended $7,202,254 to develop 75 units (30 public housing units and 45 nonpublic housing units). Of this amount, the Authority invested a total of $2,095,194 in HOPE VI funds. The land on which this construction took place is wholly owned by the Authority; the Authority entered into a ground lease with Waggoner Road Senior Limited Partnership for use of the land.

For the year ended December 31, 2008, the Authority has not incurred accounts payable to Waggoner Road, LLC for pass-through funds to subsidiaries. Additionally, the Authority has outstanding notes receivable (see Note 3) for amounts loaned to Waggoner Senior Housing Limited Partnership in connection with this development.

Worley Terrace, LLC (a Discretely Presented Component Unit) — In February 2006, MHP became the sole owner of Worley Terrace, Incorporated, which has a 0.01% ownership interest in Worley Terrace, LLC, a component unit of the Authority (see Note 16).

These entities were established to facilitate the construction of low-income housing for which third-party investors will receive low-income tax credits in return for equity investments in Worley Terrace, LLC.

Construction has been funded using Capital grant funds and the proceeds of a bond issuance. The Authority leases to Worley Terrace, LLC the property on which the low-income housing was constructed. The lease term is for 55 years at $100 per year.

For the year ended December 31, 2008, the Authority has not incurred any accounts payable for pass-through funds to subsidiaries. Additionally, the Authority has outstanding notes receivable (see Note 3) for the sale of property.

In November 2006, Franklin County, Ohio, issued $7 million in tax-exempt bonds on behalf of Worley Terrace, LLC, as the borrower. The proceeds of the bond issuance were used to repay the promissory note agreements owed to the Authority by Worley Terrace, LLC. The Authority, in turn, pledged the monies and subsequent interest earned, on behalf of Worley Terrace, LLC, as collateral for the repayment of the tax-exempt bonds issued and interest expense incurred on the bonds. The funds held in escrow were in the name of Worley Terrace, LLC and were recorded in Worley Terrace, LLC's financial statements. At December 31, 2008, the balance was $0.

Upon completion of the construction project, Worley Terrace, LLC will be allocated Federal Low-Income Housing Tax Credits under the program described by IRC Section 42.

11. UNCOMPLETED CONTRACTS

At December 31, 2008, the Authority has commitments of $4,353,018 in uncompleted contracts for the Capital Grant Program.

12. CONTINGENT LIABILITIES

Under the terms of federal grants, periodic audits are required, and certain costs may be questioned as not being appropriate expenses under the terms of the grants. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenses that may be disallowed by the grantor cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

The Authority is a defendant in several lawsuits arising from its normal course of business. Where possible, estimates have been made and reflected in the consolidated financial statements for the effect, if any, of such contingencies. The ultimate outcome of these matters is not presently determinable.

13. ROSEWIND LIMITED PARTNERSHIP — NOTES TO DISCRETELY PRESENTED COMPONENT UNIT FINANCIAL STATEMENTS

Nature and Scope of Business — Rosewind Limited Partnership (the "Partnership"), an Ohio limited partnership, was formed on January 7, 1997, with Rosewind GP Corporation, as the General Partner, and Rosewind Investor Limited Partnership. On March 31, 1998, the Partnership Agreement was amended to remove Rosewind Investor Limited Partnership and add Ohio Equity Fund for Housing Limited Partnership IV (OEF IV), Ohio Equity Fund for Housing Limited Partnership VII (OEF VII), and Banc One Community Development Corporation ("Banc One") as the Limited Partners.

The Partnership was formed to construct, own, and operate 230 residential apartments for low-income residents in Columbus, Ohio. The Partnership has received an allocation of low-income tax credits and must comply with the requirements of Section 42 of the IRC. Lease terms are typically one year or less.

The Partnership Agreement provides that the Partnership shall continue in existence until December 31, 2052, unless it is earlier dissolved and terminated by provisions of the Partnership Agreement.

Summary of Significant Accounting Policies

Use of Estimates — 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Rental Property — Rental property is carried at cost, less accumulated depreciation computed on the accelerated and straight-line methods. Major renewals and betterments are capitalized and depreciated; maintenance and repairs, which do not improve or extend the life of the respective assets, are charged to expense as incurred. Upon disposal of assets, the costs and related accumulated depreciation are removed from the accounts, and any gain or loss is included in income. Rental property assets are depreciated over their estimated useful lives as follows:

Buildings	15–40 years
Furniture and fixtures	7 years

Impairment of Assets — The carrying value of long-lived assets and certain intangible assets are reviewed for impairment whenever events or changes in circumstances indicate the amount of assets may not be recoverable. When an indication of impairment is present and the undiscounted cash flows estimated to be generated by the related assets are less than the assets' carrying amount, an impairment loss will be recorded based on the difference between the carrying amount of the assets and their estimated fair value.

Cash Reserves — Cash reserves include tenant security deposits, replacement, and operating reserve accounts, rental payments escrow account, and an exit tax escrow account. The reserves have been established in amounts considered by the partners to be adequate and in accordance with the Partnership Agreement. Use of the reserves is restricted as defined in the Partnership Agreement, and therefore, the reserves have been excluded from cash in the accompanying balance sheet and the statement of cash flows.

Tenant Receivable and Bad Debt Policy — Tenant rent charges for the current month are due on the first of the month. Tenants who are evicted or move out are charged with any damages or cleaning fees. The Partnership accounts for all past-due rents at the contract rate and recognizes other tenant charges on the date assessed at the actual amount due. The Partnership does not accrue interest on tenant receivable balances. The carrying amount of tenant receivables is reduced by a valuation allowance that reflects management's best estimate of the amount that will be collected. This estimation takes into consideration historical trends, past history with specific tenants, and current economic conditions. Actual results could vary from the estimate. Accounts are charged against the allowance when management deems them not to be collectible.

Partners' Equity — Profit and loss, as defined in the amended and restated Partnership Agreement, are allocated between the Limited Partners and the General Partner, 99% and 1%, respectively, other than capital events and certain other items, which are specifically allocated in accordance with the Partnership Agreement.

Income Taxes — No provisions have been made in the financial statements for income taxes, since such taxes are the responsibility of the Partners.

Statements of Cash Flow — For the purpose of reporting cash flows, cash includes demand deposits held in banks.

Cash — The Partnership maintains seven bank accounts with two financial institutions, which may, at times, exceed federally insured limits.

Cash Reserves — Cash reserves at December 31, 2008, included the following:

Tenants' security deposits	$ 51,049
Rental payment escrow	3,942
Replacement reserve	543,688
Exit tax escrow	781,234
Total	$1,379,913

Other Assets — Other assets at December 31, 2008, included the following:

Prepaid insurance	$ 64,410
Prepaid contracts	2,158
Total	$ 66,568

Note Payable — The Partnership has a note payable to the Authority in the amount of $18,921,789 at December 31, 2008. The note does not bear interest and is payable as funds are available. The note matures in 2032. Proceeds of this note were to be used for construction and operating expenditures. The note is secured solely by the Partnership property.

Related-Party Transactions — The Partnership Agreement provides annual asset management fees be paid to Ohio Capital Corporation for Housing (OCCH). The fee is $6,000 for the first year and increases 4% annually as set forth in the Partnership Agreement. Asset management fees in the amount of $8,532 were charged to expense in 2008.

During 2008, management fees were based on $35 per occupied unit, per month and is payable to the Authority. Management fees amounting to $95,165 were charged to expense in 2008.

All operating expenses are initially incurred and paid by the Authority. The Partnership reimburses the Authority for its monthly expenses. As of December 31, 2008, the Partnership owed the Authority $93,637. This amount is included in accounts payable — trade in the accompanying balance sheet.

The Partnership also receives a subsidy from HUD that passes through the Authority. As of December 31, 2008, the Authority owed the Partnership $0. This amount is included in accounts receivable in the accompanying balance sheet.

Operating Deficit Guaranty — The Partnership has entered into a Development Agreement, Guaranty Agreement, and Pledge Agreement with the Authority (the "Sponsor") whereby the Sponsor has agreed, in consideration for its development fee, to provide to the Partnership such funds as are necessary to enable the Partnership to meet cash expenditures for reasonable current costs of owning and operating the project property when they come due to the extent, if any, they exceed cash revenues. The Sponsor has agreed to pledge $1,431,406 of its developer fee as security for its obligations pursuant to this guaranty.

Credit Reduction Payment — The Partnership is allocated Federal Low-Income Housing Tax Credits under the program described by the IRC Section 42. These tax credits are not reflected in the accompanying financial statements of the Partnership, and therefore, have not been audited. However, the Partnership Agreement provides for a credit reduction payment. In the event that the total amount of tax credits obtained is less than the total amount projected, the Limited Partners shall reduce their required capital contribution by the amount of the shortfall (as defined in the Partnership Agreement). Further, if the full amount of annual tax credits is not obtained, the General Partner of the project partnership is obligated to pay the Limited Partners the amount of the shortfall. Under the terms of the Partnership Agreement, Rosewind General Partner is required to provide the General Partner a maximum of $1,331,406 for this purpose. No credit reduction payments were made during 2008. The General Partner does not receive a fee under this provision.

Commitments — The Partnership is bound by a restrictive covenant. This covenant states that 99.13% of the project property must be maintained as low-income housing for an initial compliance period of 15 years, and for the extended-use period of an additional 15 years, unless terminated after the end of the initial 15-year period.

In addition, the covenant further states that 50% of the low-income units must be rented to persons with incomes at or below 60% of the area median gross income (AMGI), adjusted for family size.

Contingency — During 2008, the rental property of the Partnership was damaged due to a storm. Repairs to the rental property will be performed during 2009 and the Partnership has all received insurance proceeds of $647,993 during 2009. Total costs to repair the damage, and the final insurance settlements, has not been determined.

14. GENDER ROAD LIMITED PARTNERSHIP — NOTES TO DISCRETELY PRESENTED COMPONENT UNIT FINANCIAL STATEMENTS

Nature and Scope of Business — Gender Road Limited Partnership (the "Partnership"), an Ohio limited partnership, was formed on May 23, 1997, by Gender Road GP Corporation (the "General Partner") and Gender Road Investor Limited Partnership (the "Original Limited Partner"). The Partnership Agreement was subsequently amended and restated in January 2001 to evidence the withdrawal of the Original Limited Partner and to admit Ohio Equity Fund for Housing Limited Partnership X (OEF X) and Banc One as the Limited Partners.

The Partnership was formed to acquire, construct, own, and operate a 95-unit apartment complex intended for rental to individuals and families of low and moderate income located in Columbus, Ohio. The Partnership began leasing units in September 2000. Lease terms are typically one year or less.

The Partnership Agreement provides that the Partnership shall continue in existence until December 31, 2052, unless it is earlier dissolved and terminated by provisions of the agreement.

Summary of Significant Accounting Policies

Use of Estimates — 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Rental Property — Rental property is carried at cost, less accumulated depreciation computed on the accelerated method. Major renewals and betterments are capitalized and depreciated; maintenance and repairs, which do not improve or extend the life of the respective assets, are charged to expense as incurred. Assets purchased but not placed in service are capitalized and depreciation is not computed until the assets are placed in service. Upon disposal of assets, the costs and related accumulated depreciation are removed from the accounts and any gain or loss is included in income. Rental property assets are depreciated over their estimated useful lives as follows:

Buildings	27.5 years
Site improvements	15 years
Furniture and fixtures	5 years

Impairment of Assets — The carrying value of long-lived assets and certain intangible assets are reviewed for impairment whenever events or changes in circumstances indicate the amount of the assets may not be recoverable. When an indication of impairment is present and the undiscounted cash flows estimated to be generated by the related assets are less than the assets' carrying amount, an impairment loss will be recorded on the difference between the carrying amount of the assets and their estimated fair value.

Cash Reserves — Cash reserves include tenant security deposits and replacement and operating reserve accounts. The reserves have been established in amounts considered by the Partners to be adequate and in accordance with the Partnership Agreement. Use of the reserves is restricted as defined in the Partnership Agreement, and therefore, the reserves have been excluded from cash in the accompanying balance sheet.

Tenant Receivable — Tenant rent charges for the current month are due on the first of the month. Tenants who are evicted or move out are charged with any damages or cleaning fees. The Partnership accounts for all past-due rents at the contract rate and recognizes other tenant charges on the date assessed at the actual amount due. The Partnership does not accrue interest on tenant receivable balances.

Partners' Equity — Profit and loss, as defined in the amended and restated Partnership Agreement, are allocated between the Limited Partners and the General Partner, 99.9% and 0.1%, respectively, other than special allocations (as defined by the Partnership Agreement) and certain other items that are specifically allocated in accordance with the Partnership Agreement.

Income Taxes — No provisions have been made in the financial statements for income taxes, since such taxes are the responsibility of the Partners.

Cash — The Partnership maintains four bank accounts with two financial institutions, which, at times, may exceed federally insured limits.

Cash Reserves — Cash reserves at December 31, 2008, included the following:

Operating reserve	$ 386,515
Tenants' security deposits	27,425
Replacement reserve	98,738
Total	$ 512,678

Other Assets — Other assets at December 31, 2008, included the following:

Prepaid insurance	$ 16,503
Compliance monitoring fee — net	5,541
Total other assets	$ 22,044

Note Payable — The Partnership has a $10,000,000 open-end mortgage with the Authority. The Partnership is required to make minimum annual payments of $25,000 per year. At December 31, 2008, the outstanding balance on the loan was $6,265,082. The loan does not bear interest and is due on July 31, 2035. The mortgage is secured solely by the Partnership property.

Related-Party Transactions — The note receivable from the Limited Partners in the amount of $364,890 as of December 31, 2008, is for the subscribed capital contributions. The note is secured solely by the Limited Partners' interest in the Partnership. The balance is due as follows:

2009	$ 51,890
2011	313,000
Total	$ 364,890

The Partnership Agreement provides that an annual asset management fee be paid to OCCH. The fee is $4,000 for the first year and increases 4% annually, as set forth in the Partnership Agreement. Asset management fees in the amount of $5,256 were charged to expense in 2008.

Management fees are based on $35 per occupied unit, per month and are payable to the Authority. Management fees amounting to $39,130 were charged to expense in 2008.

All operating expenses are initially incurred and paid by the Authority. The Partnership reimburses the Authority for its monthly expenses. As of December 31, 2008, the Partnership owed the Authority $43,388. This amount is included in accounts payable — trade in the accompanying balance sheet.

Credit Reduction Payment — The Partnership is allocated Federal Low-Income Housing Tax Credits under the program described by the IRC Section 42. These tax credits are not reflected in the accompanying financial statements of the Partnership and, therefore, have not been audited. However, the Partnership Agreement provides for a credit reduction payment. In the event that the total amount of tax credits obtained is less than the total amount projected, the Limited Partners shall reduce their required capital contribution by the amount of the shortfall (as defined in the Partnership Agreement). Further, if the full amount of annual tax credits is not obtained, the General Partner of the project partnership is obligated to pay the Limited Partners the amount of the shortfall. Under the terms of the Partnership Agreement, Gender Road Limited Partnership is required to provide the General Partner a maximum of $600,000 for this purpose. No credit reduction payments were made during 2008. The General Partner does not receive a fee under this provision.

Commitments — The Partnership is bound by a restrictive covenant. This covenant states that 100% of the project property must be maintained as low-income housing for an initial compliance period of 15 years, and for the extended-use period of an additional 15 years, unless terminated after the end of the initial 15-year period.

In addition, the covenant further states that 100% of the low-income units must be rented to persons with incomes at or below 60% of the AMGI, adjusted for family size.

15. JENKINS TERRACE LIMITED PARTNERSHIP — NOTES TO DISCRETELY PRESENT COMPONENT UNIT FINANCIAL STATEMENTS

Nature and Scope of Business — Jenkins Terrace, LLC (the "Company"), an Ohio Limited Liability company, was formed on January 27, 2004, with Jenkins Terrace, Inc. as the sole member. On August 30, 2005, the Operating Agreement was amended to add Ohio Equity Fund of Housing Limited Partnership XIV as the Investor Member and Jenkins Terrace, Inc. as the Managing Member.

The Company was formed to construct, own, and operate 100 residential apartments for elderly, low-income residents in Columbus, Ohio. The Project began leasing in April 2007. As incentive for investment equity, the Company applied for and received an allocation certificate for low-income housing tax credits through an allocation of tax-exempt bonds. Tenant eligibility and rental charges are further restricted in accordance with IRC Section 42. Lease terms are typically one year or less.

The Operating Agreement provides that the Company shall continue in perpetuity, unless it is earlier dissolved and terminated by provisions of the Operating Agreement.

Summary of Significant Accounting Policies

Use of Estimates — 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Rental Property — Rental property is carried at cost, less accumulated depreciation computed on accelerated methods. Major renewals and betterments are capitalized and depreciated; maintenance and repairs, which do not improve or extend the life of the respective assets, are charged to expense as incurred. Upon disposal of assets, the costs and related accumulated depreciation are removed from the accounts, and any gain or loss is included in income. Rental property assets are depreciated over their estimated useful lives as follows:

Buildings	27.5 years
Site improvements	15 years
Furniture and fixtures	5 years

Interest of $236,524 has been capitalized as part of rental property.

Impairment of Assets — The carrying value of long-lived assets and certain intangible assets are reviewed for impairment whenever events or changes in circumstances indicate the amount of the assets may not be recoverable. When an indication of impairment is present and the undiscounted cash flows estimated to be generated by the related assets are less than the assets' carrying amount, an impairment loss will be recorded based on the difference between the carrying amount of the assets and their estimated fair value.

Cash Reserves — Cash reserves include tenant security deposits and investor contributions. The reserves have been established in amounts considered by the members to be adequate and in accordance with the Operating Agreement. Use of the reserves is restricted as defined in the Operating Agreement, and therefore, the reserves have been excluded from cash in the accompanying balance sheet.

Tenant Receivable — Tenant rent charges for the current month are due on the first of the month. Tenants who are evicted or move out are charged with any damages or cleaning fees. The Company accounts for all past-due rents at the contract rate and recognizes other tenant charges on the date assessed at the actual amount due. The Company does not accrue interest on tenant receivable balances.

Bond Closing Costs — Direct costs included in connection with obtaining bond financing have been capitalized and are being amortized over the life of the bonds using the straight-line method. These costs were fully amortized during 2008.

Other Assets — Other assets consist of compliance monitoring fees and tax credit fees incurred to obtain the low-income housing tax credits. These fees have been capitalized and are being amortized over 15 years using the straight-line method.

Members' Equity — Profit and loss, as defined in the amended and restated Operating Agreement, are allocated between the Investor Member and the Managing Member, 99.9% and 0.1%, respectively, other than special allocations (as defined by the amended and restated Operating Agreement) and certain other items that are specifically allocated in accordance with the amended and restated Operating Agreement.

Income Taxes — No provisions have been made in the financial statements for income taxes, since such taxes are the responsibility of the members.

Cash — The Company maintains three bank accounts with one financial institution, which, at times, may exceed federally insured limits.

Cash Reserves — Cash reserves at December 31, 2008, included the following:

Operating reserve	$ 451,892
Tenants' security deposits	24,637
Total	$ 476,529

Other Assets and Prepaid Expense — Other assets and prepaid expense at December 31, 2008, included the following:

Compliance monitoring fee	$ 46,666
Prepaid expense	75,121
Tax credit fees	26,578
Total other assets	$ 148,365

Bonds Payable — The Company had issued bonds in the amount of $6,800,000 with interest at 3.65% to finance construction. The bonds were repaid during 2007.

Related-Party Transactions — The note receivable from the Investor Member in the amount of $486,372 as of December 31, 2008, is for the subscribed capital contributions. The note is secured solely by the Investor Member's interest in the Company. The balance is due in an installment of $468,372 on or before April 30, 2013.

The Operating Agreement provides that an asset management fee be paid to OCCH. The fee for the term of the agreement (15 years) is $65,000 and was paid in November 2007. The asset management fee will be amortized over the term of the agreement beginning in 2008. Prepaid asset management fees were $60,666 as of December 31, 2008, and are included in prepaid expenses in the accompanying balance sheet.

The development agreement provides that a development fee of $1,884,700 be paid to the Authority, as affiliate of the Managing Member, for providing certain development services and guarantees for the completion of the development of the Project. The total development fee was capitalized as a depreciable cost of the rental property. The amount was paid in full during 2008.

Monthly management fees of $35 per occupied unit are payable to the Authority. This amount increases by 3% annually. Management fees amounting to $42,936 were charged to expense in 2008.

The Authority has loaned the Company $2,472,874 as of December 31, 2007. The amount is related to construction costs incurred by the Authority on behalf of the Company. The amount was paid in full in 2008.

All operating expenses are initially incurred and paid by the Authority. The Company reimburses the Authority for its monthly expenses. As of December 31, 2008, the Company owed the Authority $44,478. These amounts are included in accounts payable — trade in the accompanying balance sheet.

The Partnership Agreement provides that a disposition fee of 3% of net cash from the sale or refinancing is to be paid to OCCH upon the sale of the rental property or any position thereof.

Credit Reduction Payment — The Company is allocated Federal Low-Income Housing Tax Credits under the program described by IRC Section 42. These tax credits are not reflected in the accompanying financial statements of the Company, and therefore, have not been audited. However, the Operating Agreement provides for a credit reduction payment. In the event that the total amount of tax credits obtained is less than the total amount projected, the Investor Member shall reduce its required capital contribution by the amount of the shortfall (as defined in the Operating Agreement). Further, if the full amount of annual tax credits is not obtained, the Managing Member of the Company is obligated to pay the Investor Member the amount of the shortfall. Under the terms of the Operating Agreement, Jenkins Terrace, LLC is required to provide the Managing Member with a maximum of $1,884,700 for this purpose. No credit reduction payments were made during 2008. The Managing Member does not receive a fee under this provision.

Operating Deficit Funding Agreement — Effective March 1, 2006, the Authority and the Company entered into an operating deficit funding agreement. As part of this agreement, the Authority will deposit $924,000 in a Public Housing Operating Deficit Funding Account. Additionally, the Authority will deposit $811,719 in a Pledged Reserve Account. The Authority will not be entitled to repayment of any portion of these amounts. These funds are reflected as restricted cash on the Authority's books at December 31, 2008.

Commitments — The Company is bound by a restrictive covenant. This covenant states that 100% of the project property must be maintained as low-income housing for an initial compliance period of 15 years, and for the extended-use period of an additional 15 years, unless terminated after the end of the initial 15-year period.

In addition, the covenant requires rent restrictions so that the units can be rented at a level that is affordable to persons with income at or below specific percentages of the AMGI. These restrictions are as follows:

Income restrictions — 100 units with household income at or below 60% of the AMGI
Rent restrictions — 100 units with rents at or below 60% of the AMGI

Additionally, 100 units must be rented to elderly households meeting the HUD definition of elderly (the head of household must be age 62 or older, or handicapped, or disabled).

16. WORLEY TERRACE LIMITED PARTNERSHIP — NOTES TO DISCRETELY PRESENT COMPONENT UNIT FINANCIAL STATEMENTS

Nature and Scope of Business — Worley Terrace, LLC (the "Company"), an Ohio Limited Liability Company, was formed on February 22, 2006, with Worley Terrace, Inc. as the Managing Member and Ohio Equity Fund for Housing Limited Partnership XVI as the Investor Member. On October 31, 2007 the Operating Agreement was amended and restated to add National City Community Development Corporation as an additional Investor Member.

The Company was formed to construct, own, and operate 100 residential apartments for elderly low-income residents in Columbus, Ohio. The Project began operations in July 2008. As incentive for investment equity, the Company applied for and received an allocation certificate for low-income housing tax credits through an allocation of tax-exempt bonds. Tenant eligibility and rental charges are further restricted in accordance with Section 42 of the IRC. Lease terms are typically one year or less.

The Operating Agreement provides that the Company shall continue in perpetuity, unless it is earlier dissolved and terminated by provisions of the Operating Agreement.

Summary of Significant Accounting Policies

Use of Estimates — The preparation of the 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Rental Property — Rental property is carried at cost, less accumulated depreciation computed on the straight-line method. Major renewals and betterments are capitalized and depreciated; maintenance and repairs, which do not improve or extend the life of the respective assets, are charged to expense as incurred. Upon disposal of assets, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is included in income. Rental property assets are depreciated over their estimated useful lives as follows:

Buildings and improvements	40 years
Site improvements	15 years
Furniture and fixtures	5 years

Interest of $222,218 has been capitalized as part of rental property.

Impairment of Assets — The carrying value of long-lived assets is reviewed for impairment whenever events of changes in circumstances indicate the amount of the assets may not be recoverable. When an indication of impairment is present and the undiscounted cash flows estimated to be generated by the related assets are less than the assets' carrying amount, an impairment loss will be recorded based on the difference between the carrying amount of the assets and their estimated fair value.

Cash Reserve — Cash reserve includes an interest escrow account. Use of the reserve is restricted as defined in the Operating Agreement, and therefore, the reserve has been excluded from cash in the accompanying balance sheet and for statement of cash flow purposes.

Tenant Receivable — Tenant rent charges for the current month are due on the first of the month. Tenants who are evicted or move out are charged with any damages or cleaning fees. The Company accounts for all past-due rents at the contract rate and recognizes other tenant charges on the date assessed at the actual amount due. The Company does not accrue interest on tenant receivable balances. The carrying amount of tenant receivables is reduced by a valuation allowance that reflects management's best estimate of the amount that will be collected. This estimation takes into consideration historical trends, past history with specific tenants and current economic conditions. Actual results could vary from the estimate. Accounts are charged against the allowance when management deems them not to be collectible.

Bond Closing Costs — Direct costs included in connection with obtaining bond financing have been capitalized and were amortized over the life of the bonds using the straight-line method. The cost was fully amortized in 2008.

Members' Equity — Profit and loss, as defined in the amended and restated Operating Agreement, are allocated between the Investor Members and the Managing Member, 99.90% and 0.10%, respectively, other than special allocations (as defined by the amended and restated Operating Agreement) and certain other items that are specifically allocated in accordance with the amended and restated Operating Agreement.

Income Taxes — No provisions have been made in the financial statements for income taxes, since such taxes are the responsibility of the Members.

Cash — The Company maintains two bank accounts with two financial institutions, which at times may exceed federally insured limits.

Bonds Payable — The Company had issued bonds in the amount of $7,000,000 with interest at 4.125% to finance construction. The bonds were repaid during 2008.

Related Party Transactions — The note receivable from the Investor Members in the amount of $5,759,487 as of December 31, 2008, is for the subscribed capital contributions. The note is secured solely by the Investor Member's interest in the Company. The balance is due in installments ranging from $100,000 to $4,938,225 through the year 2014.

The Operating Agreement provides that an asset management fee be paid to OCCH. The fee for the term of the agreement (15 years) is $75,000 and it has not been paid as of December 31, 2008. The asset management fee will be amortized over the term of the agreement beginning in 2009.

The development agreement provides that a development fee of $1,928,705 be paid to the Authority, as affiliate of the Managing Member, for providing certain development services and guarantees for the completion of the development of the Project. The total development fee was capitalized as a depreciable cost of the rental property. The entire development fee is still owed to the Authority.

The Project also owes the Authority $2,588,075 relating to various expenses for the construction-related costs. These amounts are included in accounts payable — trade in the accompanying balance sheet.

Monthly management fees of $35 per occupied unit are payable to the Authority. This amount increases by 3% annually. Management fees amounting to $12,215 were charged to expense during 2008.

The Partnership Agreement provides that a disposition fee of 3% of net cash from the sale or refinancing is to be paid to OCCH upon the sale of the rental property or any position thereof.

All operating expenses are initially incurred and paid by the Authority. The Project reimburses the Authority for its monthly expenses. As of December 31, 2008, the Project does not owe the Authority for any of these expenses.

Credit Reduction Payment — The Company is allocated Federal Low-Income Housing Tax Credits under the program described by IRC Section 42. These tax credits are not reflected in the accompanying financial statements of the Company and, therefore, have not been audited. However, the Operating Agreement provides for a credit reduction payment. In the event that the total amount of tax credits obtained is less than the total amount projected, the Investor Member shall reduce its required capital contribution by the amount of the shortfall (as defined in the Operating Agreement). Further, if the full amount of annual tax credits is not obtained, the Managing Member of the Company is obligated to pay the Investor Members the amount of the shortfall. Under the terms of the Operating Agreement, Worley Terrace, LLC is required to provide the Managing Member a maximum of $1,958,591 for this purpose. No credit reduction payments were made during 2008. The Managing Member does not receive a fee under this provision.

Operating Deficit Funding Agreement — Effective November 30, 2006, the Authority and the Company entered into an operating deficit funding agreement. As part of this agreement, the Authority will deposit $1,418,883 in a Public Housing Operating Deficit Funding Account. Additionally, the Authority will deposit $464,531 in a pledged reserve account. The Authority will not be entitled to repayment of any portion of these amounts.

Commitments and Contingencies — The Company's participation in the housing tax credit program requires the Company to enter into and be bound by a restrictive covenant with HUD. This covenant states that 100% of the project property must be maintained as low-income housing for an initial compliance period of 15 years, and for the extended use period of an additional 15 years, unless terminated after the end of the initial 15-year period.

In addition, the covenant requires rent restrictions so that the units can be rented at a level that is affordable to persons with income at or below specific percentages of the AMGI. These restrictions are as follows:

Income restrictions:
- 75 units with household income at or below 60% of the AMGI
- 25 units with household income at or below 50% of the AMGI

Rent restrictions:
- 75 units with rents at or below 60% of the AMGI
- 25 units with rents at or below 50% of the AMGI

Additionally, 100 units must be rented to elderly households meeting the HUD definition of elderly (the head of household must be age 62 or older, or handicapped, or disabled).

* * * * * *

SUPPLEMENTAL FINANCIAL DATA SCHEDULES

COLUMBUS METROPOLITAN HOUSING AUTHORITY

CONSOLIDATING STATEMENT OF NET ASSETS INFORMATION
AS OF DECEMBER 31, 2008

ASSETS	Low Rent 14.85	Section 8 Housing Choice Vouchers 14.871	DHAP 97.109	MainStream 14.181	Section 8 Veterans 14. VASH	Capital Grant 14.872	HOPE VI 14.866	Shelter Care Plus 14.238	Other Business Ventures	Section B NC S/R 14.182	Central Office	AHSC 14.195	Interprogram Eliminations	Total
CASH AND CASH EQUIVALENTS:														
Unrestricted	$ 2,888,466	$ 1,174	$ -	$ 38,285	$ -	$ -	$ -	$125,630	$ 1,113,167	$225,146	$ 2,181,945	$ 152,546	$ -	$ 6,726,359
Restricted, modernization, and development							295,511		207,690		2,660,698			3,163,899
Other restricted	430	520,899	80,916						3,785,824			1,855		4,389,924
Tenant security deposits	370,594								89,320					459,914
Restricted for payment of current liability		9,748,364	10,526		134,372				130,912					10,024,174
Total cash and cash equivalents	3,259,490	10,270,437	91,442	38,285	134,372	-	295,511	125,630	5,326,913	225,146	4,842,643	154,401	-	24,764,270
ACCOUNTS AND NOTES RECEIVABLE:														
Accounts receivable — PHA projects		89,870												89,870
Accounts receivable — HUD, other projects	45,861	8,000				508,210		13,216				4,870,217		5,445,504
Accounts receivable — miscellaneous	1,229,332	517,970		12,508	228				2,219,751		790,412			4,770,201
Allowance for doubtful accounts — miscellaneous														-
Accounts receivable — tenants, dwelling rent	195,454								9,912					205,366
Allowance for doubtful accounts — dwelling rent	(29,429)													(29,429)
Allowance for doubtful accounts — other		(517,970)		(12,508)	(228)						(2,889,670)			(3,420,376)
Notes and mortgages receivable — current											2,435,297			2,435,297
Fraud recovery		600,807												600,807
Allowance for doubtful accounts — fraud		(600,807)												(600,807)
Accrued interest receivable		6,638							114,072		360,615			481,325
Total receivables — net allowance for doubtful accounts	1,441,218	104,508	-	-	-	508,210	-	13,216	2,343,735	-	696,654	4,870,217	-	9,977,758

(Continued)

COLUMBUS METROPOLITAN HOUSING AUTHORITY

CONSOLIDATING STATEMENT OF NET ASSETS INFORMATION
AS OF DECEMBER 31, 2008

	Low Rent 14.85	Section 8 Housing Choice Vouchers 14.871	DHAP 97.109	Main Stream 14.181	Section 8 Veterans 14. VASH	Capital Grant 14.872	HOPE VI 14.866	Shelter Care Plus 14.238	Other Business Ventures	Section B NC S/R 14.182	Central Office	AHSC 14.195	Interprogram Eliminations	Total
INVESTMENTS:														
Unrestricted	$ -	$ 2,314,622	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,825,013	$ -	$ 4,396,144	$ -	$ -	$ 10,535,779
Restricted for payment of current liability		285,378												285,378
Restricted									171,948		5,222,420			5,394,368
Total investments	-	2,600,000	-	-	-	-	-	-	3,996,961	-	9,618,564	-	-	16,215,525
PREPAID EXPENSES AND OTHER ASSETS — Excluding accrued interest receivables	177,416	64,790						647	57,300		67,851			368,004
INVENTORIES											192,045			192,045
ALLOWANCE FOR OBSOLETE INVENTORIES											(7,112)			(7,112)
INTERPROGRAM RECEIVABLE											10		(10)	-
CAPITAL ASSETS:														
Land	98,619	699,041							306,600		1,844,127			2,948,387
Buildings	194,608,722								17,307,217		12,116,232			224,032,171
Furniture, equipment, and machinery — dwellings	1,625,996								115,193					1,741,189
Furniture, equipment, and machinery — administration		2,168,624						16,926	388,088	50,440	1,642,026	266,609		4,532,713
Accumulated depreciation	(163,834,224)	(1,839,422)						(16,926)	(3,147,346)	(50,440)	(5,189,582)	(266,609)		(174,344,549)
Construction in progress						7,077,123								7,077,123
Total capital assets — net of accumulated depreciation	32,499,113	1,028,243	-	-	-	7,077,123	-	-	14,969,752	-	10,412,803	-	-	65,987,034
OTHER ASSETS:														
Notes and mortgages receivable — noncurrent									261,990		25,098,971			25,360,961
Other assets		5,000							209,855		7,017			221,872
Investments and joint ventures									1,019		16,567,078			16,568,097
Total other assets	-	5,000	-	-	-	-	-	-	472,864	-	41,673,066	-	-	42,150,930
TOTAL	$ 37,377,237	$ 14,072,978	$ 91,442	$ 134,372	$ 38,285	$ 7,585,333	$ 295,511	$ 139,493	$ 27,167,525	$ 225,146	$ 67,496,524	$ 5,024,618	$ (10)	$ 159,648,454

(Continued)

COLUMBUS METROPOLITAN HOUSING AUTHORITY

CONSOLIDATING STATEMENT OF NET ASSETS INFORMATION
AS OF DECEMBER 31, 2008

LIABILITIES AND NET ASSETS	Low Rent 14.85	Section 8 Housing Choice Vouchers 14.871	DHAP 97.109	Main Stream 14.181	Section 8 Veterans 14. VASH	Capital Grant 14.872	HOPE VI 14.866	Shelter Care Plus 14.238	Other Business Ventures	Section B NC S/R 14.182	Central Office	AHSC 14.195	Interprogram Eliminations	Total
LIABILITIES:														
Accounts payable, accrued liabilities, and other liabilities:														
Accounts payable — <90 days	$ 680,537	$ 376,789	$ -	$ -	$ -	$ 285,227	$ -	$ 2,528	$ 90,264	$ -	$ 331,577	$ 4,299,724	$ -	$ 6,066,646
Accounts payable — >90 days	1,817					168,459					2,044			172,320
Accrued wages/payroll taxes payable	176,934	162,817	83			37,191		4,493	20,969		207,585	3,952		614,024
Accrued compensated absences — current portion	46,843	45,630				17,083			2,499		51,564	2,636		166,255
Accrued contingent liability	51,900										8,400			60,300
Accrued interest payable	3,058								29,522		159			32,739
Accounts payable — HUD, PHA program				30,629		250	295,511	23,795				1,930		352,115
Accounts payable — other government	41,619								211,194					252,813
Tenant security deposits	360,430								81,180					441,610
Deferred revenue	151,621	9,192,718	10,443		133,548				33,700		750			9,522,780
Current portion of long-term debt — capital projects	253,729								50,000		40,517			344,246
Other current liabilities									8,322					8,322
Accrued liabilities — other	405,389								3,186		13,135			421,710
Interprogram payable									10				(10)	-
Total accounts payable, accrued liabilities, and other liabilities	2,173,877	9,777,954	10,526	30,629	133,548	508,210	295,511	30,816	530,846	-	655,731	4,308,242	(10)	18,455,880
Debt and other liabilities:														
Long-term debt — net of current — capital projects	1,807,659								5,195,000		289,620			7,292,279
Noncurrent liabilities — other		520,899							113,593					634,492
Accrued compensated absences — noncurrent	64,926	25,041						339	6,958		133,039			230,303
Total debt and other liabilities	1,872,585	545,940	-	-	-	-	-	339	5,315,551	-	422,659	-	-	8,157,074
Total liabilities	4,046,462	10,323,894	10,526	30,629	133,548	508,210	295,511	31,155	5,846,397	-	1,078,390	4,308,242	(10)	26,612,954
NET ASSETS:														
Invested in capital assets — net of related debt	30,437,725	1,028,243				7,077,123			9,724,752		10,082,666			58,350,509
Restricted net assets	430	520,899	80,916						4,165,462		7,883,118	1,855		12,652,680
Unrestricted net assets	2,892,620	2,199,942		7,656	824			108,338	7,430,914	225,146	48,452,350	714,521		62,032,311
Total net assets	33,330,775	3,749,084	80,916	7,656	824	7,077,123	-	108,338	21,321,128	225,146	66,418,134	716,376	-	133,035,500
TOTAL	$ 37,377,237	$ 14,072,978	$ 91,442	$ 38,285	$ 134,372	$ 7,585,333	$ 295,511	$ 139,493	$ 27,167,525	$ 225,146	$ 67,496,524	$ 5,024,618	$ (10)	$ 159,648,454

(Concluded)

COLUMBUS METROPOLITAN HOUSING AUTHORITY

CONSOLIDATING STATEMENT OF REVENUES AND EXPENSES INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2008

	Low Rent 14.85	Section 8 Housing Choice Vouchers 14.871	DHAP 97.109	Main stream 14.181	Section 8 Veterans 14. VASH	Capital Grant 14.872	HOPE VI 14.866	Shelter Care Plus 14.238	Other Business Ventures	Section B NC S/R 14.182	Central Office	AHSC 14.195	Eliminations	Total
REVENUES:														
Net tenant rental revenues	$ 3,558,703	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,570,520	$ -	$ -	$ -	$ -	$ 5,129,223
HUD, PHA operating grants	10,583,682	68,274,996		320,755	8,252	2,429,278	3,289	2,948,314				484,143,698		568,712,264
Capital grants						4,625,465								4,625,465
Total fee revenue											5,083,984		(4,802,074)	281,910
Other government grants	4,172		145,230								2,665			152,067
Interest income — unrestricted	127,300	131,027						1,125	166,489	3,108	174,177	3,110		606,336
Other revenue	212,254	130,052							3,093,357		1,119,231			4,554,894
Fraud recovery		89,723												89,723
Gain or loss on the sale of fixed assets	(137,244)	4,641									288,564			155,961
Interest income — restricted		136,506							96,043		329,748	355		562,652
Total revenues	14,348,867	68,766,945	145,230	320,755	8,252	7,054,743	3,289	2,949,439	4,926,409	3,108	6,998,369	484,147,163	(4,802,074)	584,870,495
EXPENSES:														
Administrative:														
Administrative salaries	1,196,108	2,310,271	2,641	23,312		259,455		99,342	365,994		2,745,766	96,329		7,099,218
Auditing fees	33,357	89,266	2,931					3,828	7,419		7,399	49,884		194,084
Outside management fees	1,577,177	771,192	1,194					40,272	161,049			18,981,818	(2,461,358)	19,071,344
Employee benefit contributions — administrative	367,081	719,761	146	7,149		72,341		33,170	107,063		686,464	13,666		2,006,841
Other administrative expenses	760,914	2,156,799	1,493	11,674		49,038	189	79,832	261,108		652,270	163,499	(1,290,158)	2,846,658
Total administrative expenses	3,934,637	6,047,289	8,405	42,135	-	380,834	189	256,444	902,633	-	4,091,899	19,305,196	(3,751,516)	31,218,145
Total asset management fee	348,120												(348,120)	-
Tenant services:														
Tenant services — salaries						77,342								77,342
Relocation costs						285,034								285,034
Employee benefit contributions — tenant services						24,001								24,001
Tenant services — other	70,633										9,379			80,012
Total tenant services	70,633	-	-	-	-	386,377	-	-	-	-	9,379	-	-	466,389

(Continued)

CONSOLIDATING STATEMENT OF REVENUES AND EXPENSES INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2008

	Low Rent 14.85	Section 8 Housing Choice Vouchers 14.871	DHAP 97.109	Main stream 14.181	Section 8 Veterans 14. VASH	Capital Grant 14.872	HOPE VI 14.866	Shelter Care Plus 14.238	Other Business Ventures	Section B NC S/R 14.182	Central Office	AHSC 14.195	Eliminations	Total
Utilities:														
Water	$ 1,613,906	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 33,543	$ -	$ 12,332	$ -	$ -	$ 1,659,781
Electricity	953,691								59,642		136,541			1,149,874
Gas	816,002								70,527		12,035			898,564
Total utilities	3,383,599	-	-	-	-	-	-	-	163,712	-	160,908	-	-	3,708,219
Ordinary maintenance and operations:														
Labor	1,573,783								71,044		397,898			2,042,725
Materials and other	714,334	51,559							29,738		103,295			898,926
Contract costs	2,174,556	30,264							133,962		227,707		(702,438)	1,864,051
Employee benefit contributions — maintenance and operations	480,313								18,175		99,478			597,966
Total ordinary maintenance and operations	4,942,986	81,823	-	-	-	-	-	-	252,919	-	828,378	-	(702,438)	5,403,668
Protective services:														
Protective services — labor						311,094								311,094
Protective services — other contract costs						293,878					5,002			298,880
Protective services — other									4,593					4,593
Employee benefit contributions — protective services						92,282								92,282
Total protective services	-	-	-	-	-	697,254	-	-	4,593	-	5,002	-	-	706,849
General expenses:														
Insurance premiums	475,434	174,670	108	962		26,297		4,079	82,937		163,330	58,080		985,897
Other general expenses	1,427,032	38,855												1,465,887
Payments in lieu of taxes and other real estate tax expense	41,619								256,339					297,958
Bad debt — tenant rents	259,022								1,506					260,528
Bad debt — other											2,797,551			2,797,551
Interest expense	95,947								266,107		4,605			366,659
Severance expense	17,036	1,564									6,483			25,083
Total general expenses	2,316,090	215,089	108	962	-	26,297	-	4,079	606,889	-	2,971,969	58,080	-	6,199,563

(Continued)

COLUMBUS METROPOLITAN HOUSING AUTHORITY

CONSOLIDATING STATEMENT OF REVENUES AND EXPENSES INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2008

	Low Rent 14.85	Section 8 Housing Choice Vouchers 14.871	DHAP 97.109	Main stream 14.181	Section 8 Veterans 14. VASH	Capital Grant 14.872	HOPE VI 14.866	Shelter Care Plus 14.238	Other Business Ventures	Section B NC S/R 14.182	Central Office	AHSC 14.195	Interprogram Eliminations	Total
Other expenses:														
Nonroutine maintenance	$ -	$ -	$ -	$ -	$ -	$ 124,600	$ 3,100	$ -	$ -	$ -	$ -	$ -	$ -	$ 127,700
Housing assistance payments		62,270,935	93,958	273,173	7,428			2,672,627				464,576,383		529,894,504
Depreciation expense	8,033,020	180,955							702,893		764,142			9,681,010
Total other expenses	8,033,020	62,451,890	93,958	273,173	7,428	124,600	3,100	2,672,627	702,893	-	764,142	464,576,383	-	539,703,214
Total expenses	23,029,085	68,796,091	102,471	316,270	7,428	1,615,362	3,289	2,933,150	2,633,639	-	8,831,677	483,939,659	(4,802,074)	587,406,047
OTHER FINANCING SOURCES (USES):														
Operating transfers in	813,916													813,916
Operating transfers out						(813,916)								(813,916)
Extraordinary items — net loss	(16,697,412)													(16,697,412)
Total other financing uses	(15,883,496)	-	-	-	-	(813,916)	-	-	-	-	-	-	-	(16,697,412)
EXCESS (DEFICIENCY) OF TOTAL REVENUES OVER (UNDER) TOTAL EXPENSES	$ (24,563,714)	$ (29,146)	$ 42,759	$ 4,485	$ 824	$ 4,625,465	$ -	$ 16,289	$ 2,292,770	$ 3,108	$ (1,833,308)	$ 207,504	$ -	$ (19,232,964)

(Concluded)

COLUMBUS METROPOLITAN HOUSING AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:		
Direct Programs:		
Low-Rent Public Housing — PHA-Owned and Leased	14.850	$ 10,583,682
Revitalization of Severely Distressed Public Housing	14.866	3,289
Public Housing Capital Fund Program	14.872	7,054,743
Subtotal — Public Housing		17,641,714
Direct Programs:		
Section 8 Housing Assistance Payment Program — Special Allocations	14.195	484,143,697
Shelter Care Plus	14.238	2,948,314
Housing Choice Vouchers	14.871	68,274,996
Veterans	14.VASH	8,252
Supportive Housing for Persons with disabilities	14.181	320,755
Subtotal — Direct Programs		555,696,014
Disaster Housing Assistance Grant	97.109	145,230
TOTAL EXPENDITURES OF FEDERAL AWARDS		$ 573,482,958

See notes to schedule of expenditures of federal awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2008

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards has been prepared using the accrual basis of accounting in accordance with the format as set forth in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, and U.S. Office of Management and Budget Circular No. A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

2. PROGRAM STATUS

The Columbus Metropolitan Housing Authority (the "Authority") receives assistance in the form of a HOPE VI grant and other grant monies from the U.S. Department of Housing and Urban Development (HUD) to be used in conjunction with the revitalization activities of federally built, low-rent housing units.

The Authority receives assistance in the form of an operating subsidy from HUD (CFDA No. 14.850) to be used for the purpose of maintaining the low-rent character of the local housing program. The monies are being received under one program number. During 2008, the receipts of $680,660, $358,442, $240,204, $101,859, and $45,861 were considered federal pass-through awards to Rosewind Limited Partnership, Gender Road Limited Partnership, Jenkins Terrace, LLC, Waggoner Senior Housing Limited Partnership, and Worley Terrace, LLC, respectively (related entities of the Authority).

The Authority also has a Guaranty and Supplemental Funding Agreement with Gender Road Limited Partnership (the "Partnership") that it will provide nonfederal funds for debt service payments if the Partnership has insufficient cash flow. During 2008, the Authority provided $25,000 to the Partnership for this purpose.

3. SECTION 8 HOUSING CLUSTER

CFDA 14.195, Section 8 Housing Assistance Payment Program — Special Allocations, is not considered part of the Section 8 Housing Cluster, since this is an administrative services contract in which the Authority monitors Section 8 funding for compliance at a variety of housing authorities and is not responsible for direct administration and distribution of Section 8 funding to individuals applying to the authorities for housing assistance.

* * * * * *

COLUMBUS METROPOLITAN HOUSING AUTHORITY

SCHEDULE OF ACTUAL MODERNIZATION COSTS INCURRED ON PROJECT OH16–P001–501–05 THROUGH DECEMBER 31, 2008

1. The actual modernization costs of the project are as follows:

Classification	**Project OH16–P001–501–05**
Operations	$ 1,185,585
Management improvements — soft costs	779,678
Administration	350,273
Fees and costs	305,649
Site improvements	459,120
Dwelling structures	2,778,694
Nondwelling structures	
Nondwelling equipment	68,924
Relocation costs	
Total costs	$ 5,927,923

2. The distribution of costs by major cost accounts as shown on the Performance and Evaluation Report dated January 5, 2008, for Project OH16–P001–501–05, as submitted to HUD for approval, is in agreement with the Authority's records.

3. Funds advanced for Project OH16–P001–501–05 totaled $5,927,923.

COLUMBUS METROPOLITAN HOUSING AUTHORITY

SCHEDULE OF ACTUAL MODERNIZATION COSTS INCURRED ON PROJECT OH16–R001–502–07 THROUGH DECEMBER 31, 2008

1. The actual modernization costs of the project are as follows:

Classification	Project OH16–R001–502–07
Operations	$ -
Management improvements — soft costs	
Administration	
Fees and costs	19,635
Site improvements	222,192
Dwelling structures	1,208,091
Nondwelling structures	
Nondwelling equipment	
Relocation costs	
Total costs	$ 1,449,918

2. The distribution of costs by major cost accounts as shown on the Performance and Evaluation Report dated January 5, 2008, for Project OH16–R001–502–07, as submitted to HUD for approval, is in agreement with the Authority's records.

3. Funds advanced for Project OH16–R001–502–07 totaled $1,449,918.

COLUMBUS METROPOLITAN HOUSING AUTHORITY

SCHEDULE OF ACTUAL MODERNIZATION COSTS INCURRED ON PROJECT OH16–R001–501–08 THROUGH DECEMBER 31, 2008

1. The actual modernization costs of the project are as follows:

Classification	**Project OH16–R001–501–08**
Operations	$ -
Management improvements — soft costs	
Administration	
Fees and costs	
Site improvements	46,750
Dwelling structures	854,048
Nondwelling structures	
Nondwelling equipment	
Relocation costs	
Total costs	$ 900,798

2. The distribution of costs by major cost accounts as shown on the Performance and Evaluation Report dated January 5, 2008, for Project OH16–R001–501–08, as submitted to HUD for approval, is in agreement with the Authority's records.

3. Funds advanced for Project OH16–R001–501–08 totaled $ 900,798.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Commissioners of
the Columbus Metropolitan Housing Authority:

We have audited the consolidated financial statements of the Columbus Metropolitan Housing Authority (the "Authority") as of and for the year ended December 31, 2008, and have issued our report thereon dated April 22, 2009, which included a reference to other auditors who audited the financial statements of Rosewind Limited Partnership, Gender Road Limited Partnership, Jenkins Terrace, LLC, and Worley Terrace, LLC, discretely presented component units of the Authority. 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 of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority'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 Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United State of America such that there is more than a remote likelihood that a misstatement of the Authority's consolidated financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's consolidated 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*.

We noted certain matters that we have reported to the management of the Authority in a separate letter dated April 22, 2009.

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

Deloitte + Touche LLP

April 22, 2009

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

To the Board of Commissioners of
the Columbus Metropolitan Housing Authority:

Compliance

We have audited the compliance of the Columbus Metropolitan Housing Authority (the "Authority") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2008. The Authority'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 Authority's management. Our responsibility is to express an opinion on the Authority'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 of America; 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 Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Authority's compliance with those requirements.

The accompanying Schedule of Findings and Questioned Costs has been restated to properly reflect the Authority's major programs for the year ended December 31, 2008.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133, and which are described in the accompanying schedule of findings and questioned costs as Item 08-01.

Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the Authority's internal control that might be 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.

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

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

Deloitte + Touche LLP

April 22, 2009 (July 13, 2009 as to Item 7 on the accompanying Schedule of Findings and Questioned Costs)

COLUMBUS METROPOLITAN HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2008 (RESTATED)

PART I — SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued:		Unqualified		
Internal control over financial reporting:				
1. Material weakness(es) identified?	______	Yes	X	No
2. Significant deficiencies identified not considered to be material weaknesses?	______	Yes	X	None reported
3. Noncompliance material to consolidated financial statements noted?	______	Yes	X	No

Federal Awards:

4. Material weakness(es) identified?	______	Yes	X	No
5. Significant deficiencies identified not considered to be material weaknesses?	______	Yes	X	None reported
Type of auditors' report issued on compliance for major programs:		Unqualified		
6. Any audit findings disclosed that are required to be reported in accordance with OMB Circular No. A-133 (Section 510(a) of OMB Circular No. A-133)	X	Yes	______	No

7. The Authority's major programs were: (Restated)

Name of Federal Program or Cluster	CFDA Number
Section 8 Housing Assistance Payment Program — Special Allocations	14.195
Public Housing Capital Fund Program	14.872

Subsequent to the original issuance of the Schedule of Findings and Questioned Costs, it was noted that CFDA #14.872, Public Housing Capital Fund Program, should have been identified and tested as a Major Program. The Schedule of Findings and Questioned Costs has been restated to reflect CFDA #14.872, Public Housing Capital Fund Program, as tested as a Major Program in accordance with the requirements of the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* .

8. Dollar threshold used to distinguish between Type A and Type B programs?		$ 3,000,000		
9. Auditee qualified as low-risk auditee:	______	Yes	X	No

(Continued)

PART III — FINANCIAL STATEMENT FINDINGS SECTION

No matters were reportable.

PART III — FEDERAL AWARDS FINDINGS SECTION

08-01 Resolution of Overpayment Issues

Grantor — HUD

CFDA Number — 14.195 — Funding year 2008

Criteria — In 100% of overpayments, the Public Housing Authority (PHA) resolves overpayment issues within 30 calendar days after PHA verification and certification of vouchers.

Finding — For three of the 25 vouchers selected, the overpayment, or a portion of the overpayment, was not resolved within 30 calendar days after PHA verification and certification of the voucher. All three vouchers were subsequently followed up and completed.

Effect — There could be overpayments that remain outstanding.

Questioned Cost — N/A

Recommendation — The Authority should continue to work to resolve overpayment issues in a timely manner.

Views of Responsible Officials — The Authority has requested clarification from HUD as to what date should be entered on the invoice for "Voucher Verification and Certification Date" and "Overpayment Resolution Date." HUD headquarters responded, instructing the Authority to enter the date into the project action log in REMS. REMS has no project account related to the task. The Authority entered the date of certification/verification on the last nine invoices as the last day of the month. The Authority is entering the date of overpayment resolution as the final day of the following month in accordance with IBPS. Without clarification from HUD, there is no further action the Authority can take.

PART IV — SUMMARY OF PRIOR AUDIT FINDINGS

Number	Finding	Status	Contact
07-01	Procurement, Suspension, and Debarment	Corrected	Dennis Guest, Executive Director
07-02	Resolution of Overpayment Issues	Repeated — See 08-01 above	Dennis Guest, Executive Director

(Concluded)

The Homes at Second Avenue, LLC

(A Component Unit of Columbus Metropolitan Housing Authority)

Financial Statements, Supplemental Schedules, and Schedule of Expenditures of Federal Awards as of and for the Year Ended December 31, 2008, and Independent Auditors' Reports

THE HOMES AT SECOND AVENUE, LLC

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INDEPENDENT AUDITORS' REPORT

To the Members of
The Homes at Second Avenue, LLC
Columbus, Ohio

We have audited the accompanying statement of net assets of The Homes at Second Avenue, LLC ("New Village Homes"), a component unit of Columbus Metropolitan Housing Authority, as of December 31, 2008, and the related statement of revenues, expenses, and changes in net assets, and of cash flows for the year then ended. These financial statements are the responsibility of New Village Homes' 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 respective financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of New Village Homes' internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and 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, such 2008 financial statements present fairly, in all material respects, the financial position of New Village Homes as of December 31, 2008, and its changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis on pages 3 through 6 is not a required part of the financial statements, but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of New Village Homes' management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information, and we do not express an opinion on it.

Our audit was conducted for the purpose of forming an opinion on New Village Homes' financial statements taken as a whole. The Schedule of Reserve for Replacements, the Schedule of Residual Receipts, and the Schedule of Surplus Cash, Distributions, and Residual Receipts Reserve on page 16 are presented for the purpose of additional analysis of the financial statements and are not a required part of the financial statements. These schedules are the responsibility of New Village Homes management. Such information has been subjected to the auditing procedures applied by us in the audit of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards on pages 22 and 23 is presented for the purpose of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. This schedule is the responsibility of New Village Homes' management. Such information has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly stated, in all material respects, when considered in relation to the financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2009, on our consideration on internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Deloitte + Touche LLP

February 13, 2009

As management of The Homes at Second Avenue LLC ("New Village Homes"), a blended component unit of Columbus Metropolitan Housing Authority, we offer readers of New Village Homes' financial statements this narrative overview and analysis of the financial activities of New Village Homes for the year January 1, 2008 through December 31, 2008. We encourage readers to consider the information presented here in conjunction with the financial statements.

Overview of the Financial Statements

The financial report consists of two parts: Management's Discussion and Analysis (this section) and the basic financial statements. New Village Homes follows enterprise fund reporting; accordingly, the financial statements are presented using a flow of economic resources measurement focus and the accrual basis of accounting. These statements, as presented, are very similar to a commercial entity's financial statements.

New Village Homes is a special-purpose government agency engaged in only business-type activities. The basic financial statements are designed to be corporate-like in that all business-type programs are consolidated into one single enterprise.

These statements include a Statement of Net Assets, which is similar to a balance sheet. The Statement of Net Assets reports all financial and capital resources of New Village Homes. The statement is presented in the format where assets minus liabilities equal "Net Assets," formerly known as equity. Assets and liabilities are presented in order of liquidity and are classified as "Current" (convertible to cash within one year) and "Noncurrent."

The focus of the Statement of Net Assets (Unrestricted Net Assets) is designed to present the net available liquid (noncapital) assets, net of liabilities, for New Village Homes. Net assets are reported in three broad categories (as applicable):

Net Assets, Invested in Capital Assets — Net of Related Debt — This component of net assets consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets — This component of net assets consists of Restricted Assets, when constraints are placed on assets by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Assets — This component of net assets consists of net assets that do not meet the definition of "Net Assets Invested in Capital Assets — Net of Related Debt" or "Restricted Net Assets."

The basis financial statements also include a Statement of Revenues, Expenses, and Changes in Net Assets (similar to the Income Statement). This statement includes operating revenues, such as rental income; operating expenses, such as administrative, utilities, maintenance, and depreciation; and non-operating revenue and expenses, such as interest income and interest expense.

The focus of the Statement of Revenues, Expenses, and Changes in Net Assets is the "Change in Net Assets," which is similar to net income or loss.

Finally, a Statement of Cash Flows is included, which discloses net cash provided by or used for operating activities, noncapital financing activities, investing activities, and capital and related financing activities.

Financial Highlights

During the period ended December 31, 2008:

- New Village Homes' total assets decreased by $632,872, or 3.7%.
- Total liabilities increased by $1,318, or .02%.

Basic Financial Statements

Statement of Net Assets:

The following table reflects the Statement of Net Assets:

	2008	2007
ASSETS:		
Current assets	$ 423,383	$ 455,304
Capital assets	15,447,759	16,145,372
Other noncurrent assets	502,623	405,961
Total noncurrent assets	15,950,382	16,551,333
TOTAL	$ 16,373,765	$ 17,006,637
LIABILITIES AND NET ASSETS:		
Liabilities:		
Current liabilities	$ 391,809	$ 343,475
Noncurrent liabilities	5,232,164	5,279,180
Total liabilities	5,623,973	5,622,655
NET ASSETS:		
Invested in capital assets — net of related debt	10,202,759	10,845,372
Restricted	268,217	220,130
Unrestricted	278,816	318,480
Total net assets	10,749,792	11,383,982
TOTAL	$ 16,373,765	$ 17,006,637

For more detailed information, see the Statement of Net Assets.

Major Factors Affecting the Statement of Net Assets

Current assets decreased by $31,921 due primarily to a decrease in cash, as outlined in the Statement of Cash Flows. Current liabilities increased by $48,334 due primarily to the timing of payments. Capital assets decreased by $697,613, which is primarily due to depreciation.

Statement of Revenues, Expenses, and Changes in Net Assets

The Statement of Revenues, Expenses, and Changes in Net Assets presents the operating results of New Village Homes, as well as the nonoperating revenues and expenses. Condensed information from the New Village Homes' Statement of Revenues, Expenses, and Changes in Net Assets follows:

	2008	2007
OPERATING REVENUE:		
Rental	$ 848,340	$ 836,726
Operating subsidy	66,884	64,704
Other	26,009	32,223
Total operating revenue	941,233	933,653
OPERATING EXPENSES:		
General	259,653	254,057
Administration	225,072	151,695
Depreciation	722,114	717,770
Other	113,162	122,159
Total operating expenses	1,320,001	1,245,681
OPERATING LOSS	(378,768)	(312,028)
NET NONOPERATING INCOME (EXPENSE)	(255,422)	(247,888)
CHANGE IN NET ASSETS	$ (634,190)	$ (559,916)

Major Factors Affecting the Statement of Revenues, Expenses, and Changes in Net Assets

During fiscal year 2008, operating revenue increased $7,580, due primarily to the increase in an operating subsidy from the Department of Housing and Urban Development of $2,180. New Village expects to receive this subsidy on an annual basis. Administration expenses increased $73,377, due primarily to an increase in legal fees.

Capital Assets

As of December 31, 2008, New Village Homes had $15.4 million invested in capital assets, as reflected in the schedule below, which represents a net decrease (additions, deductions, and depreciation) of $697,613 during the period.

CAPITAL ASSETS:	**2008**	**2007**
Land	$ 3,005	$ 3,005
Buildings	15,022,985	15,022,985
Site improvements	2,479,359	2,454,858
Nondwelling structures	76,149	76,149
Furniture and equipment	380,348	380,348
Total	17,961,846	17,937,345
Accumulated depreciation	(2,514,087)	(1,791,973)
Capital assets — net	$ 15,447,759	$ 16,145,372

Outstanding Debt

As of December 31, 2008, New Village Homes has $5,245,000 million in long-term debt outstanding.

Economic Factors

Significant economic factors affecting New Village Homes in 2008 were as follows:

- Increase cost of property taxes, insurance, and utilities affected the cost to operate the project.

THE HOMES AT SECOND AVENUE, LLC

STATEMENT OF NET ASSETS
AS OF DECEMBER 31, 2008

ASSETS

CURRENT ASSETS:	
Cash and cash equivalents — including restricted cash of $130,912	$ 307,679
Restricted investments	60,527
Accounts receivable — net:	
Tenants	12,337
Other	66
Prepaid items and other	42,774
Total current assets	423,383
NONCURRENT ASSETS:	
Tenant deposits	41,002
Replacement reserves	207,690
Residual receipts reserves	44,076
Capital assets:	
Land	3,005
Other property and equipment — net of accumulated depreciation of $2,514,087	15,444,754
Other noncurrent assets	209,855
Total noncurrent assets	15,950,382
TOTAL	$ 16,373,765

LIABILITIES

CURRENT LIABILITIES:	
Accounts payable	$ 71,816
Accrued expenses:	
Accrued property taxes	208,095
Other	29,712
Deferred revenue	32,186
Long-term debt — current	50,000
Total current liabilities	391,809
NONCURRENT LIABILITIES	
Bonds payable	5,195,000
Tenant deposits	37,164
Total noncurrent liabilities	5,232,164
Total liabilities	5,623,973
NET ASSETS:	
Invested in capital assets — net of related debt	10,202,759
Restricted	268,217
Unrestricted	278,816
Total net assets	10,749,792
TOTAL	$ 16,373,765

See notes to financial statements.

THE HOMES AT SECOND AVENUE, LLC

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2008

OPERATING REVENUE:	
Rental	$ 848,340
Operating subsidy	66,884
Other	26,009
Total operating revenue	941,233
OPERATING EXPENSES:	
General	259,653
Administration	225,072
Depreciation	722,114
Utilities	23,356
Ordinary maintenance and operation	89,806
Total operating expenses	1,320,001
OPERATING LOSS	(378,768)
NONOPERATING REVENUES AND (EXPENSES):	
Interest income	10,685
Interest expense	(266,107)
Total nonoperating revenues and expenses	(255,422)
CHANGE IN NET ASSETS	(634,190)
NET ASSETS — Beginning of the year	11,383,982
NET ASSETS — End of the year	$ 10,749,792

See notes to financial statements.

THE HOMES AT SECOND AVENUE, LLC

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from tenants	$ 839,599
Cash received operating subsidy	66,884
Cash payments to suppliers for goods and services	(528,273)
Other receipts	26,052
Net cash provided by operating activities	404,262
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Decrease in bonds payable	(55,000)
Interest expense	(266,107)
Property and equipment additions	(24,501)
Net cash used in capital and related financing activities	(345,608)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Change in investment	4,094
Change in replacement reserve	(58,154)
Change in residual receipts reserve	(44,076)
Interest income	10,685
Net cash used in investing activities	(87,451)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(28,797)
CASH AND CASH EQUIVALENTS BALANCE (Including restricted cash of $145,945) — January 1, 2008	336,476
CASH AND CASH EQUIVALENTS BALANCE (Including restricted cash of $130,912) — December 31, 2008	$ 307,679
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating loss	$(378,768)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation and amortization	728,087
Change in operating assets and liabilities:	
Accounts receivable — tenants	(8,741)
Accounts receivable — other	43
Prepaid item and other	1,755
Tenant deposits	(808)
Other noncurrent assets	6,376
Accounts payable	33,716
Accrued expenses	18,457
Deferred revenue	1,161
Tenant deposits	2,984
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 404,262

See notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Entity — The Homes at Second Avenue LLC, ("New Village Homes") is organized as a limited liability company under the laws of the State of Ohio for purposes of acquiring, developing, leasing, operating, and administering 100 units of multifamily rental housing in downtown Columbus, Ohio.

The accompanying financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, in that the financial statements include all organizations, activities, and functions for which New Village Homes is financially accountable. Financial accountability is defined by the component unit being fiscally dependent on New Village Homes. On this basis, no governmental organizations other than New Village Homes itself are included in the financial reporting entity.

Columbus Metropolitan Housing Authority is the sole member of the Board of New Village Homes. Additionally, Columbus Metropolitan Housing Authority is responsible for the operations of New Village Homes. As such, Columbus Metropolitan Housing Authority has the ability to impose its will on New Village Homes and is included as a blended component unit in Columbus Metropolitan Housing Authority's consolidated financial statements as required by GASB Statement No. 14.

Basis of Accounting — The consolidated financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America, whereby revenues and expenses are recognized in the period earned or incurred. All intercompany balances and transactions have been eliminated in consolidation.

Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, New Village Homes follows GASB pronouncements, as well as Financial Accounting Standards Board (FASB) statements and interpretations, Accounting Principles Board opinions and Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. New Village Homes has elected not to apply FASB statements and interpretations issued after November 30, 1989.

Revenue Recognition — Tenant rental revenues are recognized during the period of occupancy as earned. Other receipts are recognized when the related expenses are incurred. Cash received in advance of the service being performed are recorded as deferred revenue. Subsidies received from the Department of Housing and Urban Development (HUD) are recognized during the period to which they relate, and all eligibility requirements have been satisfied. Expenses are recognized as incurred.

Cash and Cash Equivalents — For the purposes of the statement of cash flows, New Village Homes considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments — New Village Homes investments are recorded at fair value. Fair value generally represents quoted market value prices for investments traded in the public marketplace. Investment income, including changes in the fair value of investments, is recorded as nonoperating revenue in the operating statements. Investment income is recognized and recorded when earned.

Capital Assets — Capital assets are recorded at historical cost. Donated capital assets are recorded at their fair value on the date donated. New Village Homes capitalizes all dwelling and nondwelling equipment and office equipment that has a cost or fair value on the date of donation greater than $1,000 and a useful life greater than one year. New Village Homes capitalizes building or site improvements that cost more than $5,000 and have a useful life greater than one year. Depreciation is calculated on a straight-line method using the half-year convention over the estimated useful lives. When depreciable property is disposed of or sold, the cost and related accumulated depreciation are removed from the accounts, with any gain or loss recognized in the consolidated statement of revenues, expenses, and changes in net assets. The estimated useful lives are as follows:

Equipment and vehicles	3–7 years
Building and site improvements	15 years
Buildings	30 years

Interest costs incurred during the period in which capital assets are being prepared for their intended use are capitalized.

Tenant Deposits — Tenant deposits received from tenants in accordance with the terms of their lease are refundable at the end of the lease term.

Replacement Reserves — In accordance with the provisions of the Regulatory Agreement for Multifamily Housing Projects, dated December 1, 2002, restricted cash is held to be used for replacement of property with the approval of HUD.

Invested in Capital Assets — Net of Related Debt — Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets — This component of net assets consists of restricted assets when constraints are placed on assets by creditors (through debt covenants), grantors, contributors, laws, regulations, etc.

Use of Estimates — 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Newly Issued Accounting Pronouncements — In June 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This statement establishes standards for the capitalization, amortization, and financial reporting of intangible assets, including easements, water rights, timber rights, patents, trademarks, and computer software. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2009. New Village Homes' management has determined that the implementation of GASB Statement No. 51 will have no effect on its financial statements.

In November 2007, GASB issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. This Statement requires endowments to report their land and other real estate at fair value. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2008. New Village Homes' management has determined that the implementation of GASB Statement No. 52 will have no effect on its financial statements.

In June 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009. New Village Homes' management has determined that the implementation of GASB Statement No. 53 will have no effect on its financial statements.

2. CASH AND CASH EQUIVALENTS

Cash equivalents include short-term, highly liquid investments that are both readily convertible to known amounts of cash and are so near maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less qualify under this definition.

At December 31, 2008, the carrying amount of New Village Homes' deposits was $556,371, and the total bank balance was $556,371. Of the bank balance, $289,393 was covered by federal depository insurance, and the remainder is uncollateralized as defined by the GASB (covered by collateral pools held by third-party trustees pursuant to Section 135.181 of the Ohio Revised Code in collateral pools securing all public funds on deposit with specific depository institutions, but not in New Village Homes' name).

At December 31, 2008, New Village Homes had $44,076 held in STAR Ohio. STAR Ohio is a highly liquid investment pool with participation restricted to subdivisions of the State of Ohio. Under Ohio Revised Code Section 135.143, STAR Ohio is restricted to investing in obligations of the U.S. government and other instruments issued by the State of Ohio and its political subdivisions. Due to the highly liquid nature of the fund, STAR Ohio resembles a money market fund and, therefore, has been treated as a cash equivalent by New Village Homes in the financial statements. New Village Homes' investment in the pool is not subject to custodial credit risk categorization, because it is not evidenced by securities that exist in physical or book entry form.

3. INVESTMENTS

As of December 31, 2008, New Village Homes had $60,527 invested in a guaranteed investment contract.

Interest Rate Risk — Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date.

Concentration of Credit Risk — New Village Homes places no limit on the amount it may invest with one issuer. As of December 31, 2008, New Village Homes' investments resided in one guaranteed investment contract.

Custodial Credit Risk — For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, New Village Homes will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of New Village Homes' investment balances are collateralized by underlying securities pledged by the investment's counterparty, not in the name of New Village Homes.

4. CAPITAL ASSETS

The changes in capital assets for the year ended December 31, 2008, are as follows:

	Balance December 31, 2007	Additions	Disposals	Transfers	Balance December 31, 2008
Land	$ 3,005	$ -	$ -	$ -	$ 3,005
Buildings	15,022,985				15,022,985
Site improvements	2,454,858	24,501			2,479,359
Nondwelling structure	76,149				76,149
Furniture and equipment	380,348				380,348
CIP					-
Total	17,937,345	24,501	-	-	17,961,846
Accumulated depreciation	(1,791,973)	(722,114)			(2,514,087)
Net property	$ 16,145,372	$(697,613)	$ -	$ -	$ 15,447,759

5. RISK MANAGEMENT

New Village Homes maintains comprehensive insurance coverage with private carriers for real property, building contents, directors and officers' liability insurance, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

New Village Homes is part of the statewide plan for workers' compensation insurance coverage.

Claims experience over the past three years indicates that there were no instances of losses exceeding insurance coverage.

6. BONDS AND NOTES PAYABLE

A rollforward of the New Village Homes' long-term debt for the year ended December 31, 2008, is as follows:

Bonds Payable	Beginning Balance	Increase	Decrease	Ending Balance	Current Portion
2008	$5,300,000	$ -	$ 55,000	$ 5,245,000	$ 50,000

Bonds Payable — In December 2002, New Village Homes issued $5,420,000 of Columbus Metropolitan Housing Authority Multifamily Housing Mortgage Revenue Bonds, Series 2003A, guaranteed by HUD, for the construction of the New Village Homes project. Principal payments are due at various intervals, with the balance due on November 20, 2044. The bonds are fully collateralized by the building. The interest rate is 5.4%. The future debt service at December 31, 2008, is as follows:

Maturity Date	Principal Amount	Interest Amount	Total
2009	$ 50,000	$ 263,522	$ 313,522
2010	55,000	261,499	316,499
2011	55,000	259,199	314,199
2012	60,000	256,977	316,977
2013	60,000	254,371	314,371
2014–2018	365,000	1,220,981	1,585,981
2019–2023	470,000	1,118,798	1,588,798
2024–2028	615,000	984,622	1,599,622
2029–2033	805,000	807,454	1,612,454
2034–2038	1,050,000	572,761	1,622,761
2039–2043	1,380,000	265,689	1,645,689
2044	280,000	8,656	288,656
	$5,245,000	$6,274,529	$11,519,529

7. MANAGEMENT FEE

An annual management fee is paid to Affiniti Management, LLC. For the year ended December 31, 2008, $49,647 was charged to expense for this fee.

8. RELATED-PARTY TRANSACTIONS

For the year ended, New Village Homes' paid Columbus Metropolitan Housing Authority $15,268 for administrative fees. At December 31, 2008, there was no outstanding accounts payable due to Columbus Metropolitan Housing Authority.

* * * * * *

SUPPLEMENTAL SCHEDULES

THE HOMES AT SECOND AVENUE, LLC

SUPPLEMENTAL SCHEDULE REQUIRED BY HUD
SCHEDULE OF RESERVE FOR REPLACEMENTS
SCHEDULE OF RESIDUAL RECEIPTS AND
SCHEDULE OF SURPLUS CASH, DISTRIBUTIONS, AND RESIDUAL RECEIPTS RESERVE
YEAR ENDED DECEMBER 31, 2008

SCHEDULE OF RESERVE FOR REPLACEMENTS

In accordance with the provisions of the Regulatory Agreement, restricted cash is held by National City Bank to be used for replacement of property with the approval of HUD as follows:

BALANCE — Beginning of the year	$ 149,536
Deposits ($4,610 X 11 months, $4,647 X 1 month)	55,323
Other deposits	
Interest income	2,831
Withdrawals	
BALANCE — End of the year	$ 207,690

SCHEDULE OF RESIDUAL RECEIPTS

BALANCE — Beginning of the year	$ -
Deposits	43,162
Other deposits	
Interest income	914
Withdrawals	
BALANCE — End of the year	$ 44,076

SCHEDULE OF SURPLUS CASH, DISTRIBUTIONS AND RESIDUAL RECEIPTS RESERVE

Cash — including tenant deposits	$ 217,769
Accrued mortgage interest payable	29,522
Accounts payable — 30 days	72,006
Loans and notes payable due within 30 days	52,541
Prepaid revenue	32,186
Tenant deposits held in trust	37,164
Subtotal current obligations	223,419
Surplus cash	$ (5,650)

SINGLE AUDIT SECTION

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Members of
The Homes at Second Avenue, LLP
Columbus, Ohio

We have audited the financial statements of The Homes at Second Avenue, LLP ("New Village Homes") as of and for the year ended December 31, 2008, and have issued our report thereon dated February 13, 2009. 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered New Village Homes' 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 New Village Homes' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of New Village Homes' internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and 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 New Village Homes' 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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the members and management of New Village Homes, federal awarding agencies, state funding agencies, pass-through entities, and the Auditor of the State of Ohio and is not intended to be, and should not be, used by anyone other than these specified parties.

Deloitte & Touche LLP

February 13, 2009

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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

To the Members of
The Homes at Second Avenue, LLP
Columbus, Ohio

Compliance

We have audited the compliance of The Homes at Second Avenue, LLP ("New Village Homes"), a component unit of Columbus Metropolitan Housing Authority, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2008. New Village Homes' major federal program is 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 its major federal program is the responsibility of New Village Homes' management. Our responsibility is to express an opinion on New Village Homes' compliance 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; 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 New Village Homes' 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 New Village Homes' compliance with those requirements.

In our opinion, New Village Homes complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2008.

Internal Control Over Compliance

The management of New Village Homes 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 New Village Homes' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of New Village Homes' internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information and use of the members and management of New Village Homes, federal awarding agencies, state funding agencies, pass-through entities, and the Auditor of the State of Ohio and is not intended to be, and should not be, used by anyone other than these specified parties.

Deloitte + Touche LLP

February 13, 2009

THE HOMES AT SECOND AVENUE, LLC

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2008

U.S. Department of Housing and Urban Development — Direct Programs — Mortgage insurance rental and cooperative housing for moderate income families and elderly — market interest rate — guarantee of bonds outstanding	14.135	$ 5,245,000
Total		$ 5,245,000

See notes to schedule of expenditures of federal awards.

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards has been prepared using the accrual basis of accounting in accordance with the format as set forth in the *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133.

2. LOAN GUARANTEE

In December 2002, New Village Homes issued $5,420,000 of Columbus Metropolitan Housing Authority Multifamily Housing Mortgage Revenue Bonds, Series 2003A, guaranteed by HUD, for the construction of the New Village Homes project. Principal payments are due at various intervals, with the balance due on November 20, 2044. The bonds are fully collateralized by the building.

THE HOMES AT SECOND AVENUE, LLC

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2008

PART I — SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

Type of auditors' report issued:			Unqualified	
Internal control over financial reporting:				
1. Material Weakness(es) identified?		Yes	X	No
2. Significant deficiencies identified that are not considered to be material weaknesses?		Yes	X	None reported
3. Noncompliance material to financial statements noted?		Yes	X	No
Federal Awards:				
Internal control over major programs:				
4. Material weakness(es) identified?		Yes	X	No
5. Significant deficiencies identified that are not considered to be material weaknesses?		Yes	X	None reported
Type of auditor's report issued on compliance for major programs:			Unqualified	
6. Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (section .510(a) of Circular A-133		Yes	X	No
7. The major program was:				
Mortgage insurance rental and cooperative housing for moderate income families and elderly — market interest rate			14.135	
8. Dollar threshold used to distinguish between Type A and Type B programs?			$ 300,000	
9. Auditee qualified as low-risk auditee:	X	Yes		No

PART II — FINANCIAL STATEMENT FINDINGS SECTION

No matters were reportable.

PART III — FEDERAL AWARDS FINDINGS SECTION

No matters were reportable.

PART IV — SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters were reportable.

Mary Taylor, CPA
Auditor of State

COLUMBUS METROPOLITAN HOUSING AUTHORITY

FRANKLIN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 8, 2009

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