Columbus Metropolitan Housing Authority

Consolidated Financial Statements, Consolidating Supplemental Financial Data Schedules, and Federal Financial Data Schedules as of and for the Year Ended December 31, 2012, Independent Auditors' Report, 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*, and Independent Auditors' Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

Dave Yost • 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, 2012 through December 31, 2012. 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.

Dave Yost

Dave Yost
Auditor of State

August 27, 2013

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COLUMBUS METROPOLITAN HOUSING AUTHORITY

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INDEPENDENT AUDITORS' REPORT

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated statement of the net position of the Columbus Metropolitan Housing Authority (the "Authority") as of December 31, 2012, and the related consolidated statements of revenues, expenses, and changes in net position, and of cash flows for the year then ended, and the related notes to the consolidated financial statements. These consolidated financial statements are the responsibility of the Authority's management.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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, Gender Road Limited Partnership, Jenkins Terrace, LLC, Worley Terrace, LLC, and Elim Manor Elderly Housing, LLC, as of December 31, 2012, and the related statements 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 Gender Road Limited Partnership, Jenkins Terrace, LLC, Worley Terrace, LLC, and Elim Manor Elderly Housing, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. The financial statements of Gender Road Limited Partnership, Jenkins Terrace, LLC, Worley Terrace, LLC, and Elim Manor Elderly Housing, 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, based on our audit and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Authority and its discretely presented component units as of December 31, 2012, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that The Management's Discussion and Analysis on pages 4 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the consolidated financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the consolidated financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the consolidated financial statements, and other knowledge we obtained during our audit of the consolidated financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's consolidated financial statements. The consolidating supplemental financial data schedules that consist of the consolidating statement of net position information and the consolidating statement of revenue and expenses information, on pages 52 through 57, the reconciliation of the consolidated financial statements to the financial data schedule, and the notes to the financial data schedules and the reconciliation of the consolidated financial statements to the consolidated financial data schedule, on pages 59 through 61, are presented for the purpose of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual programs and entities and are not a required part of the consolidated financial statements.

The consolidating supplemental financial data schedules, reconciliations, and notes referred to in the preceding paragraph are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating supplemental financial data schedules, reconciliations, and notes are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's consolidated financial statements. The schedule of expenditures of federal awards and the notes to 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 pages 62 through 63, and the schedules of actual modernization costs on page 64, 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.

The schedule of expenditures of federal awards, the notes to the schedule of expenditures of federal awards, and the schedules of actual modernization costs, referred to in the preceding paragraph are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards, the notes to the schedule of expenditures of federal awards, and the schedules of actual modernization costs are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2013, on our consideration of the Authority's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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* in considering the Authority's internal control over financial reporting and compliance.

Deloitte & Touche LLP

June 28, 2013

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, 2012. 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, Gender Road Limited Partnership, Jenkins Terrace, LLC, Worley Terrace, LLC, Elim Manor Elderly Housing, LLC, and Franklin Station, LLC. Information pertaining to the discretely presented component units is located in Note 13 through Note 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 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 consolidated 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 a statement of net position, which is similar to a balance sheet. The statement of net position reports all financial and capital resources of the Authority. The statement is presented in the format where assets minus liabilities equal "net position." 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 position is designed to represent the net available liquid (noncapital) assets, net of liabilities, for the entire Authority. Net position is reported in three broad categories (as applicable):

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

Unrestricted Net Position — Unrestricted net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

The consolidated financial statements also include a consolidated statement of revenues, expenses, and changes in net position (similar to an income statement). This statement includes operating revenues such as rental income, operating expenses such as administrative, utilities, housing assistance payments, maintenance and depreciation, and non-operating revenue and expenses, such as grants revenue, interest income, and interest expense.

The focus of the statement of revenues, expenses, and changes in net position is the "change in net position," which is similar to net income or loss.

Finally, a consolidated statement of cash flows is included, which discloses net cash provided by, or used for, operating activities, non-capital financing activities, investing activities, and capital and related financing activities.

Financial Highlights

During the year ended December 31, 2012:

- The Authority's total assets decreased by $6,343,914 or 3.7%
- Total liabilities decreased by $2,343,777 or 17.2%
- Total revenues increased by $9,160,014 due to an increase in the number of contracts being administrated by the Authority's wholly owned subsidiary, Assisted Housing Services Corporation (AHSC).
- Total expenses increased by approximately $14 million; of this amount, $13.8 million related to housing assistance payments for 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 the 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.

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's 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, ensure that residents are relocated to comparable housing in nonaffected areas. The Authority developed a plan to demolish or sell 2,100 Public Housing units over the next five years and submitted the plan to HUD for approval. Our plan was approved by HUD in 2008, and since 2008, we have disposed of 1,684 units.

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 ensure 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.

Central Office Cost Center — A separate fund captures administrative overhead and centralized maintenance costs. Expenses charged to Central Office Cost Center are 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 eight funds that provide resources for other business activities. Seven 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 consolidated statement of net position for the year ended December 31, 2012, compared to the prior year, is as follows:

Table 1
Consolidated Statement of Net Position
(In millions)

	2012	2011
Assets:		
Current and other assets	$ 78.7	$ 102.7
Capital assets	84.4	66.7
Total assets	$ 163.1	$ 169.4
Liabilities:		
Current liabilities	$ 10.9	$ 8.1
Long-term liabilities	0.4	5.5
Total liabilities	11.3	13.6
Net position:		
Net investment in capital assets	79.7	61.6
Restricted	18.7	25.0
Unrestricted	53.4	69.2
Total net position	151.8	155.8
Total liabilities and net position	$ 163.1	$ 169.4

For more detailed information, see the consolidated statement of net position.

Major Factors Affecting the Consolidated Statement of Net Position

Total assets decreased by $6.3 million due to: 1) the New Village Homes debt payoff of $5.1 million; 2) the collection of the $1.1 million note receivable from VTT Lincoln LLC, for real estate property known as the Lincoln Park Apartments that was sold in 2011; and 3) the Authority's purchase of the full interest of Rosewind Limited Partnership in 2012, changing the classification of this asset. In 2011, the Rosewind note receivable was properly classified as an other asset. At the time of purchase, the Rosewind note receivable balance of $13.0 million (net of an allowance of $5.8 million), was extinguished, and the real property of Rosewind was consolidated into the Authority's consolidated financial statements as a capital asset. Upon consolidation, the net impact resulted in a special gain recorded in the amount of $4.3 million as the value of the real property fully satisfied the gross value of the note receivable. See Notes 3 and 4 for more discussion.

Total liabilities decreased by $2.3 million, reflecting the acquisition of $4.7 million in debt for the new Whitney Homes property being offset by the payoff of the New Village Homes debt of $5.1 million.

Table 2
Change of Unrestricted Net Position
(In millions)

Unrestricted net position — December 31, 2011	$ 69.2
Decrease in net position	(1.4)
Depreciation (1)	6.5
Capital expenditures	(24.2)
Changes in other investments and other	3.3
Unrestricted net position — December 31, 2012	$ 53.4

(1) Depreciation is treated as an expense and reduces the increase in net assets, but does not have an impact on unrestricted net assets.

While the increase in net position measures the Authority's activity, an analysis of the changes in unrestricted assets provides an additional picture of the change in the financial well-being of the Authority.

Consolidated Statement of Revenues, Expenses, and Changes in Net Position

The consolidated statement of revenues, expenses, and changes in net position presents the operating results of the Authority, as well as the non-operating revenues and expenses. HUD subsidies and grants, while budgeted for operations, are considered non-operating revenues according to generally accepted accounting principles. Condensed information from the Authority's consolidated statement of revenues, expenses, and changes in net position is as follows:

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

	2012	2011
Revenues:		
Rental income	$ 4.3	$ 4.5
Operating subsidy and grants	32.9	40.2
Subsidy for housing assistance payment	643.4	633.6
Capital grants	2.2	2.9
Investment income	0.1	0.2
Other income	7.5	3.2
Gain on sale of property	0.0	0.5
Special gain-net	4.1	0.0
Total revenues	694.5	685.1
Expenses:		
Administrative and tenant services	28.9	32.2
Utilities	2.2	2.1
Maintenance and operation	4.5	4.3
Protective services	0.5	0.4
General	2.8	5.4
Housing assistance payment	650.2	630.4
Interest expense	0.3	0.3
Depreciation	6.5	6.2
Impairment of capital assets	0.0	0.4
Total expenses	695.9	681.7
Change in net position	$ (1.4)	$ 3.4

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

Subsidy for Housing Assistance Payments increased due to the growth of the AHSC in Ohio and Washington D.C. and the increased funding of Section 8 Housing Choice Voucher Program.

Capital Assets

As of December 31, 2012, the Authority had $84.4 million in capital assets as reflected in the schedule below, which represents a net increase (additions, deductions, impairment, and depreciation) of $17.7 million from the end of last year.

Table 4
Capital Assets at December 31, 2012
Net of Depreciation
(In millions)

	2012	2011
Land	$ 5.9	$ 5.9
Buildings	220.9	193.6
Furniture and fixtures	8.0	7.2
Accumulated depreciation	(162.5)	(143.3)
Construction in process	12.1	3.3
Total	$ 84.4	$ 66.7

The summary of reconciliation of the change in capital assets is as follows:

Table 5
Change in Capital Assets
(In millions)

Beginning balance	$ 66.7
Additions	36.9
Retirements — net of depreciation	(0.0)
Depreciation	(6.5)
Rosewind accumulated depreciation	(12.7)
Ending balance	$ 84.4
Major activities for this year:	
Rosewind acquisition	$ 27.2
Whitney Townhomes acquisition	4.7
Modernization of units	4.2
Furniture and fixtures purchases	0.8
Total additions	$ 36.9

As of December 31, 2012, the Authority has $4.7 million in debt outstanding, all classified as current, compared to $5.1 million last year.

Economic Factors

Significant economic factors affecting the Authority in 2012 are as follows:

- Federal funding is at the discretion of the U.S. Department of HUD and is insufficient to cover operating costs and capital improvements for public housing units in 2012. Funding levels are expected to decrease further in 2013.

- Lower interest rates had an adverse impact on interest revenue in 2012. Interest rates are expected to remain low in 2013.

- The Authority continues to explore new options to generate additional revenue, including pursuing 9% Low Income Tax Equity Credit Projects (LITEC) as well as HUD Choice Neighborhood Grants.

- Federal Sequestration appears to be a reality for 2013, which will impact the operations. The lower funding of administrative expenses by HUD will require continued expense monitoring in 2013 to ensure efficient and appropriate credit usage of reserves and cost cutting measures are sustainable.

COLUMBUS METROPOLITAN HOUSING AUTHORITY

CONSOLIDATED STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2012

ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents — including restricted cash of $10,777,154	$ 20,704,949
Accounts receivable — net:	
Tenants — net of allowance for doubtful accounts of $19,190	90,293
HUD	3,172,691
Other — net of allowance for doubtful accounts of $2,429,382	965,879
Notes receivable from discretely presented component units	25,000
Investments	12,381,396
Investments — legally restricted	8,829,326
Inventory	19,323
Prepaid items and other	338,494
Total current assets	46,527,351
NONCURRENT ASSETS:	
Notes receivable from discretely presented component units — net of allowance of $464,047	5,676,035
Notes receivable from related party — net of allowance of $2,484	2,013,336
Capital assets:	
Land	5,881,034
Other property and equipment — net of accumulated depreciation of $162,500,707	66,400,502
Construction in progress	12,110,222
Other noncurrent assets	24,498,795
Total noncurrent assets	116,579,924
TOTAL	$ 163,107,275
LIABILITIES	
CURRENT LIABILITIES:	
Accounts payable:	
Trade	$ 4,598,376
HUD	140,352
Other	257,491
Accrued expenses	721,173
Deferred credits	75,726
Tenant security deposits	377,456
Note Payable	4,695,377
Total current liabilities	10,865,951
NONCURRENT LIABILITIES:	
Accrued compensated absences — noncurrent portion	84,746
Other liabilities	307,255
Total noncurrent liabilities	392,001
Total liabilities	11,257,952
NET POSITION:	
Net investment in capital assets	79,696,375
Restricted	18,786,961
Unrestricted	53,365,987
Total net position	151,849,323
TOTAL	$ 163,107,275

See notes to consolidated financial statements.

COLUMBUS METROPOLITAN HOUSING AUTHORITY

CONSOLIDATED BALANCE SHEETS — COMPONENT UNITS
AS OF DECEMBER 31, 2012

	Gender Road Limited Partnership	Jenkins Terrace, LLC	Worley Terrace, LLC	Elim Manor Elderly Housing, LLC	Franklin Station, LLC	Total
ASSETS						
RENTAL PROPERTY:						
Buildings	$ 8,824,122	$11,699,378	$11,474,351	$ -	$ -	$31,997,851
Site improvements	470,071	457,970	780,984	5,498,110		7,207,135
Furniture and fixtures	110,128	419,380	423,873	374,153		1,327,534
Construction in process					2,843,946	2,843,946
Less accumulated depreciation	(3,823,867)	(2,137,454)	(1,900,744)	(135,884)		(7,997,949)
Net rental property	5,580,454	10,439,274	10,778,464	5,736,379	2,843,946	35,378,517
CASH	105,746	212,922	188,868	203,837	25,455	736,828
CASH RESERVES	885,241	24,731	377,051	253,920		1,540,943
ACCOUNTS RECEIVABLE	5,730	1,635	1,587	27,222		36,174
PREPAID EXPENSES		56,312	10,844	4,947	228	72,331
OTHER ASSETS	21,728	52,318	121,000	93,757	229,418	518,221
TOTAL	$ 6,598,899	$10,787,192	$11,477,814	$6,320,062	$3,099,047	$38,283,014
LIABILITIES AND PARTNERS'/ MEMBERS' EQUITY						
LIABILITIES:						
Accounts payable — trade	$ 64,075	$ 76,909	$ 73,060	$ 353,656	$ 635,089	$ 1,202,789
Accounts payable — primary government						
Accrued expenses	22,661	21,130	13,000	8,136	1,267	66,194
Tenants' security deposits	30,835	25,173	22,971	15,750		94,729
Prepaid tenant rent				3,983		3,983
Deferred developer fee				699,651		699,651
Mortgage and other notes payable				2,876,543	51,000	2,927,543
Notes payable to primary government	6,165,082					6,165,082
Total liabilities	6,282,653	123,212	109,031	3,957,719	687,356	11,159,971
PARTNERS'/MEMBERS' EQUITY (DEFICIENCY):						
General partners'/members' equity	1,178,953	8,160,515	8,307,720	27		17,647,215
Limited partners/ investor members	(862,707)	2,989,837	3,161,063	3,201,208	2,411,691	10,901,092
Less note receivable from limited partners/ investor members		(486,372)	(100,000)	(838,892)		(1,425,264)
Total partners'/members' (deficiency) equity	316,246	10,663,980	11,368,783	2,362,343	2,411,691	27,123,043
TOTAL	$ 6,598,899	$10,787,192	$11,477,814	$6,320,062	$3,099,047	$38,283,014

See notes to consolidated financial statements.

COLUMBUS METROPOLITAN HOUSING AUTHORITY

CONSOLIDATED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2012

OPERATING REVENUES:	
Rental	$ 4,330,046
Other	7,441,009
Total operating revenues	11,771,055
OPERATING EXPENSES:	
Housing assistance payments	650,231,619
Depreciation	6,537,356
Administration	28,083,257
Tenant services	718,182
Utilities	2,152,428
Ordinary maintenance and operations	4,527,385
Protective services	486,064
General expenses	2,827,143
Total operating expenses	695,563,434
OPERATING LOSS	(683,792,379)
NONOPERATING REVENUES (EXPENSES):	
HUD grants	676,200,289
HUD capital grants	2,174,043
Interest income	138,797
Interest expense	(264,790)
Gain on disposal of assets	6,325
Special gain — net	4,109,243
Total nonoperating revenues	682,363,907
CHANGE IN NET POSITION	(1,428,472)
NET POSITION — Beginning of year	155,849,460
ROSEWIND DEFICIT TRANSFER	(2,573,303)
OTHER EQUITY TRANSFERS	1,638
NET POSITION — End of year	$ 151,849,323

See notes to consolidated financial statements.

COLUMBUS METROPOLITAN HOUSING AUTHORITY

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN EQUITY — COMPONENT UNITS FOR THE YEAR ENDED DECEMBER 31, 2012

	Gender Road Limited Partnership	Jenkins Terrace, LLC	Worley Terrace, LLC	Elim Manor Elderly Housing, LLC	Franklin Station, LLC	Total
REVENUES:						
Rental	$ 495,459	$ 464,917	$ 410,596	$ 227,469	$ -	$ 1,598,441
Other	41,034	33	945	(86,917)		(44,905)
Interest	1,234	6,573	7,271	2,105		17,183
Total revenues	537,727	471,523	418,812	142,657	-	1,570,719
EXPENSES:						
Depreciation	381,507	367,017	424,100	35,544		1,208,168
Maintenance and decorating	213,444	210,849	299,164	9,946	111	733,514
Administrative and personnel	125,032	131,123	137,446	30,521	125,008	549,130
Water and sewer	81,816	22,731	28,427	1,031	1,381	135,386
Insurance expense	37,709	25,757	21,216	4,947	651	90,280
Management fees	39,445	47,403	43,804	5,363		136,015
Payment in lieu of taxes	4,798	6,337				11,135
Utilities	16,732	57,002	57,951	10,681		142,366
Audit and tax return	10,700	10,700	10,700	5,250		37,350
Legal		3,518			40,881	44,399
Bad debts	173			5,177		5,350
Asset management fees	6,156	4,333	5,000		5,000	20,489
Interest expense				41,903		41,903
Organization costs				25,354		25,354
Amortization	792	5,232	6,000	100,340		112,364
Total expenses	918,304	892,002	1,033,808	276,057	173,032	3,293,203
NET LOSS	(380,577)	(420,479)	(614,996)	(133,400)	(173,032)	(1,722,484)
EQUITY IN NET POSITION — Beginning of year	583,632	11,084,459	11,983,779	2,398,103	449,372	26,499,345
CURRENT-YEAR CONTRIBUTIONS	113,191			97,640	2,135,351	2,346,182
EQUITY IN NET POSITION — End of year	$ 316,246	$10,663,980	$11,368,783	$2,362,343	$2,411,691	$27,123,043

See notes to consolidated financial statements.

COLUMBUS METROPOLITAN HOUSING AUTHORITY

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from tenants	$ 4,302,500
Cash payments to suppliers for goods and services	(27,728,954)
Cash paid for salaries and benefits	(12,250,333)
Housing assistance payments	(650,231,619)
Other receipts	8,122,507
Net cash used in operating activities	(677,785,899)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES —	
HUD operating subsidies and grants	677,257,286
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
HUD capital grants	2,953,257
Property and equipment additions	(5,589,849)
Repayment of debt and capital lease obligations	(6,006,800)
Interest paid on debt obligations	(292,386)
Proceeds from the sale of capital assets	1,135,853
Investment in Joint Ventures	338,390
Other payments	(1,452,695)
Net cash used in capital and related financing activities	(8,914,230)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of investments	(14,993,724)
Proceeds from maturity of investments	22,832,200
Interest income	104,913
Net cash provided by investing activities	7,943,389
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,499,454)
CASH AND CASH EQUIVALENTS BALANCE (Including restricted cash of $11,457,902) — Beginning of year	22,204,403
CASH AND CASH EQUIVALENTS BALANCE (Including restricted cash of $10,777,154) — End of year	$ 20,704,949
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:	
Operating loss	$(683,792,379)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	6,537,356
Provision for uncollectible accounts	525,649
Amortization of bond issuance costs	6,375
Change in operating assets and liabilities:	
Accounts receivable — tenants	285
Accounts receivable — other	(121,854)
Inventory	(997)
Prepaid items and other	223,619
Accounts payables	(514,616)
Accrued expenses and other	(671,220)
Tenant security deposits	21,883
NET CASH USED IN OPERATING ACTIVITIES	$(677,785,899)
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:	
Rosewind acquisition	$ 14,400,000
Whitney Townhomes acquisition	5,617,177

See notes to consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Entity — Columbus Metropolitan Housing Authority (the "Authority," CMHA, or the "Sponsor") 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.

Principles of Consolidation — The accompanying consolidated financial statements include the accounts of the Authority and all significant subsidiaries. All significant intercompany balances and transactions have been eliminated in the consolidated financial statements. 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 (see discussion of New Village Homes below). Financial accountability is defined by the component unit being fiscally dependent on the Authority. On this basis, the Authority has included Gender Road Limited Partnership; Jenkins Terrace, LLC; Worley Terrace, LLC; Elim Manor Elderly Housing, LLC; and Franklin Station, 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, the Authority has the ability to impose its will on New Village Homes and it is included as a blended component unit in the 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 of America (GAAP) as prescribed by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Because of Rosewind Limited Partnership's fiscal dependency on the

Authority, a component unit relationship is deemed to exist. During 2012, the Authority purchased the full interest of Rosewind Limited Partnership. Rosewind Limited Partnership is included as a blended component unit in the Authority's consolidated financial statements as required by GASB Statement No. 14. See Notes 3 and 4 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 ASC. Because of Gender Road 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 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 ASC. Because of Jenkins Terrace, LLC'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 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 ASC. Because of Worley Terrace, LLC's fiscal dependency on the Authority, a component unit relationship is deemed to exist. See Note 15 to the consolidated financial statements for additional disclosures regarding Worley Terrace, LLC.

Elim Manor Elderly Housing, LLC — Elim Manor Elderly Housing, LLC was formed on December 10, 2010, for the purposes of constructing, financing, leasing, operating, and administering an apartment complex of 63 qualified low-income units in Columbus, Ohio. Elim Manor Elderly Housing, LLC's financial statements are prepared on the accrual basis of accounting in accordance with GAAP as prescribed by the ASC. Because of Elim Manor Elderly Housing, LLC's fiscal dependency on the Authority, a component unit relationship is deemed to exist. See Note 16 to the consolidated financial statements for additional disclosures regarding Elim Manor Elderly Housing, LLC.

Franklin Station, LLC — Franklin Station, LLC was formed on September 8, 2011, for the purposes of constructing, financing, leasing, operating, and administering an apartment complex of 100 qualified low-income units in Columbus, Ohio. Because of Franklin Station, LLC's fiscal dependency on the Authority, a component unit relationship is deemed to exist. As of December 31, 2012, Franklin Station, LLC did not have significant operating activity as construction on the property continues and the property is not yet operational.

Waggoner Road, LLC (a Related Party) — In October 2002, the Authority established a wholly owned subsidiary, Waggoner Road, LLC, which is fully consolidated in the accompanying financial statements. Waggoner Road, LLC 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.

Avondale Woods Senior Housing Limited Partnership (a Related Party) — In June 2011, the Authority entered into the Avondale Woods Senior Housing Limited Partnership. The amount invested as of December 31, 2012 was $2,595,000. The general partner is National Church Residences of Avondale Woods 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 has a 0.01% interest in the owner entity. The limited partner is NHT Avondale, LLC, which has a 99.98% interest in the owner entity. National Church Residences is the developer of the project. The Authority accounts for Avondale Woods Senior Housing Inc., as an other investment that is recorded within other noncurrent assets.

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.

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. Seven 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 fund provides 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 months 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. The Authority records investments that are only allowed to be expended for certain activities or has restrictions on the use of funds by the sources of the funds as restricted. 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 position. Investment income is recognized and recorded when earned and is allocated to programs based upon monthly investment balances.

Inventory — Inventory consists of supplies 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 as of December 31, 2012, is as follows:

	Balance 2011	Increase	Decrease	Balance 2012	Due within One Year
Accrued compensated absences	$ 320,010	$ -	$ (7,001)	$ 313,009	$ 228,263

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 position. 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 2011	Increase	Decrease	Balance 2012
Family Self-Sufficient Program deposits	$ 231,490	$ 75,765	$ -	$ 307,255

Restricted Net Position — This component of net position consists of restricted assets when constraints are placed on assets by creditors (through debt covenants), grantors, contributors, laws, regulations, etc. Restricted net position represents funds received from HUD that are restricted to assistant housing payments and proceeds from the sale of properties that are restricted to capital improvements on housing units.

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.

New Accounting Standards Adopted — In December 2010, GASB issued GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement modifies government accounting and financial reporting standards to incorporate applicable provisions in FASB and American Institute of Certified Public Accountants (AICPA) pronouncements issued on or before November 30, 1989. The requirements of this statement are effective for periods beginning after December 15, 2011. Management adopted GASB Statement No. 62 effective January 1, 2012.

In June 2011, GASB issued GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. The requirements of this statement are effective for periods beginning after December 15, 2011. Management adopted GASB Statement No. 63 effective January 1, 2012.

In June 2011, GASB issued GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions, an amendment of GASB Statement No. 53.* The objective of this Statement is to improve financial reporting for state and local governments by clarifying whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. The requirements of this statement are effective for periods beginning after June 15, 2011. Management has determined that the implementation of GASB Statement No. 64 did not have a material effect on its consolidated financial statements.

New Accounting Standards Not Yet Implemented — In March 2012, GASB issued GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The requirements of this statement are effective for periods beginning after December 15, 2012. Management is in the process of determining the impact of this update.

In March 2012, GASB issued GASB Statement No. 66, *Technical Corrections — 2012, an amendment of GASB Statements No. 10 and No. 62*. The purpose of this statement is to is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The requirements of this statement are effective for periods beginning after December 15, 2012. Management is in the process of determining the impact of this update.

In January 2013, GASB issued GASB Statement No. 69, *Government Combinations and Disposals of Government Operations.* This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The requirements of this statement are effective for periods beginning after December 15, 2013. Management is in the process of determining the impact of this update.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Ohio statutes classify monies held by the Authority into two 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 and by eligible securities pledged by the financial institution as security for repayment, by a 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:

- U.S. Treasury notes, bills, bonds, or other obligations or securities issued by the U.S. 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 marked 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*.

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, 2012, are as follows:

Active deposits:	
Deposits with financial institutions	$ 5,102,742
STAR Ohio	15,602,207
Carrying balance	$ 20,704,949

At year-end, the carrying amount of the Authority's active deposits was $20,704,949 and the total bank balance was $21,444,786. The difference represents outstanding checks and other in-transit items. Of the bank balance, $6,078,717 is covered by federal depository insurance, $750 is 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, 2012, the Authority had $15,602,207 held in STAR Ohio. STAR Ohio is a highly liquid investment pool with participation restricted to subdivisions of the State of Ohio. 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, 2012, are as follows:

	Fair Value	Maturity Date	Credit Rating S&P/Moody's
CD	$ 6,217,000	May 31, 2013	N/A
CD	9,793,722	August 21, 2013	N/A
CD	5,200,000	November 26, 2013	N/A
Total	$21,210,722		

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 comprised 100% of CDs.

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. 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, 2012, the Authority maintains cash balances of $10,777,154 and investments of $8,829,326, which are restricted as to their use. Of these amounts, $7,785,577 is restricted to funding construction of housing and repaying related debt, $7,006,553 for housing assistance payments, and $4,814,413 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 matured 35 years from the date of the Rosewind Note and was payable in annual installments of $25,000 without interest until maturity, when the remaining balance was due. During 2012, the Authority purchased the full interest in the Rosewind Limited Partnership, which at the time was a discretely presented component unit, for $310,010. At the time of purchase, the outstanding balance of the Rosewind Note was $18,846,789, and was collateralized by the real property of Rosewind Limited Partnership. The Authority previously presented this note receivable net of allowance for doubtful accounts of $5,827,682. As a result of the purchase, Rosewind Limited

Partnership was consolidated in the Authority's financial statements and presented as a blended component unit. The transaction was accounted for under GASB 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* and no gain or loss was recorded. However, because the Authority had previously an allowance related to the note receivable, there was a reconciling difference when Rosewind Limited Partnership was consolidated. The received property served as collateral for the full gross note receivable and therefore the transactions resulted in the recognition of a special gain of $4,109,243. Refer to Note 4 for more discussion on the property received.

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 $6,165,082, and is presented net of allowance for doubtful accounts of $464,047 at December 31, 2012. 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. 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 $261,990 at December 31, 2012.

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. 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, 2012, and is presented net of an allowance for doubtful accounts of $2,484.

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 June 2011, the Authority entered into an agreement with VTT Lincoln, LLC (VTT), whereby the Authority sold certain real estate property known as the Lincoln Park Apartments in exchange for cash of $275,000 and a promissory note (the "VTT Lincoln note") of $1,100,000 to a third party. The VTT Lincoln note was paid in full during 2012.

4. CAPITAL ASSETS

The changes in capital assets during the year ended December 31, 2012, are as follows:

	Balance 2011	Additions	Disposals	Balance 2012
Land	$ 5,881,034	$ -	$ -	$ 5,881,034
Site improvements	21,898,229	5,416,674		27,314,903
Buildings	162,304,867	21,884,524		184,189,391
Buildings non-dwelling	9,431,652			9,431,652
Furniture and fixtures	7,202,742	815,263	(52,742)	7,965,263
Construction in process	3,289,157	8,821,065		12,110,222
Total	210,007,681	36,937,526	(52,742)	246,892,465
Accumulated depreciation	(143,284,271)	(19,244,516)	28,080	(162,500,707)
Capital assets — net	$ 66,723,410	$ 17,693,010	$ (24,662)	$ 84,391,758

During 2012, the Authority entered into an agreement with the City of Columbus to assume ownership of the Whitney Young Condominium Project ("Whitney Project"). The Whitney Project consists of twenty eight residential living units in Franklin County. Construction of the Whitney Project was initiated by the City of Columbus; however the City of Columbus was unable to complete construction due to their inexperience with housing projects. The agreement stipulates that the Authority will assume all construction in process, and take full ownership of the Whitney Project and the associated debt used to fund the construction. The Authority is then obligated to oversee and complete all remaining construction in order to make the Whitney Project operational. In exchange for completion of the Whitney Project, the City of Columbus will forgive a portion of the debt assumed as construction is completed and the units are leased to tenants. The total amount of construction in process assumed by the Authority in relation to the Whitney Project during 2012 is $5,617,177. Refer to Note 7 for further discussion of the associated debt.

During 2012, the Authority purchased the remaining interest in Rosewind Limited Partnership which is now a consolidated entity. As a result of the purchase, approximately $27,200,000 of capital assets and $12,800,000 of related accumulated depreciation was recorded as additions to capital assets.

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 2012, those payments totaled $310,770.

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 public housing authority members. Through HARRG, the Authority carries $5,000,000 of general liability coverage, with a $10,000 deductible; $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 coverage with a $25,000 deductible; $1,000,000 flood and earthquake coverage with a $25,000 deductible; $50,000,000 boiler coverage with a $1,000 deductible; and $100,000 coverage for mold or other fungus, with a $25,000 deductible. The Authority paid $388,328 in premiums to HARRG for the year ended December 31, 2012.

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 as of December 31, 2012, is as follows:

	Balance 2011	Increase	Decrease	Balance 2012	Due within One Year
Bonds payable	$ 5,085,000	$ -	$ (5,085,000)	$ -	$ -
Notes payable		5,617,177	(921,800)	4,695,377	4,695,377
Total debt	$ 5,085,000	$ 5,617,177	$ (6,006,800)	$ 4,695,377	$ 4,695,377

Bonds Payable — In December 2002, New Village Homes issued $5,420,000 of Columbus Metropolitan Housing Authority Multifamily Housing Mortgage Revenue Bonds, Series 2003, guaranteed by HUD, for the construction of the New Village Homes Project. Principal payments were due at various intervals, with the balance due on November 20, 2044. The bonds were fully collateralized by the building and the interest rate is 5.4%. During 2012, the Authority opted to make an early payment to fully satisfy the bonds payable. The debt agreement contains provisions regarding prepayment penalties and the Authority incurred a special loss of $208,429.

Notes Payable — As discussed in Note 4, the Authority entered into an agreement with the City of Columbus and assumed all debt associated with construction costs incurred on the Whitney Project. All debt is held in the name of the City of Columbus, however, the Authority is liable for the following open ended mortgages associated with the Whitney Project;

	Outstanding Balance as of December 31, 2012
Notes payable:	
Open ended mortgage of $3,400,000 with the City of Columbus, dated March 17, 2010, bearing interest of 0%, due December 31, 2013	$ 3,400,000
Open ended mortgage of $240,0000 with the City of Columbus, dated March 17, 2010, bearing interest of 0%, due December 31, 2013	239,377
Open ended mortgage of $300,0000 with Affordable Housing Trust, dated June 2, 2011, bearing interest of 0%, due December 31, 2013	300,000
Open ended mortgage of $500,000 with Affordable Housing Trust, dated October 29, 2010, bearing interest of 0%, due December 31, 2013	500,000
Open ended mortgage of $256,000 with Affordable Housing Trust, dated October 29, 2010, bearing interest of 0%, due December 31, 2013	256,000
Open ended mortgage of $950,000 with NMTC Leveraged Mortgage II LLC, dated June 2, 2011, bearing interest of 0%, due December 31, 2013	
Total notes and debt payable	4,695,377
Less current notes and debt payable	(4,695,377)
Long-term notes and debt payable, excluding current installments	$ -

The agreement between the Authority and the City of Columbus states that the $3,400,000 and $240,000 mortgages will be forgiven ratably as the twenty eight units are completed and occupied by a renter or purchaser. As of December 31, 2012, there are no units that are fully completed and occupied.

In accordance with the terms of the agreement between the Authority and the City of Columbus, the outstanding balance of the $950,000 mortgage ($921,800) was fully paid by the Authority on September 7, 2012, the date the Authority signed the Closing Statement for the Whitney Project. As of December 31, 2012, the Authority is not liable for any other amounts associated with this mortgage agreement.

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, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. The authority to establish and amend benefits is provided in 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 in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.

- *The Combined Plan* — A cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS maintains a cost-sharing multiple employer defined benefit 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. In order to qualify for postemployment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plan must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemlpoyment Benefits Other Than Pensions*. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries.

OPERS also issues a stand-alone financial report. 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 Ohio Revised Code provides statutory authority for member and employer contributions. For 2012, member and employer contributions rate were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. The 2012 member contribution rates were 10% of covered payroll for members in state and local classifications. Public safety and law enforcement members contributed 11.5% and 12.1% respectively. Effective January 1, 2013, the member contribution rates for public safety and law enforcement members increased to 12% and 12.6%, respectively. The 2012 employer contribution rate for state and local employers was 14% of covered payroll. The law enforcement and public safety division employer contribution rate was 18.10% of covered payroll.

The Authority's expense for OPERS, representing 100% of employer contributions, were $1,241,419, $1,281,539, and $1,299,737, for the years ended December 31, 2012, 2011, and 2010, respectively.

OPEB for health care costs provided by OPERS are as follows:

- 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.

- Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012, state and local employers contributed at a rate of 14% of covered payroll and public safety and law enforcement employers contributed at 18.1%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB plan.

- OPERS Postemployment Health Care Plan was established under, and is administrated in accordance with, Internal Revenue Code (IRC) Section 401(h). 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 employer contributions allocated to health care for members in the Traditional Plan was 4% during calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2012. Effective January 1, 2013, the portion of employer contributions allocated to healthcare was lowered to 1 percent for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the heath care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

- The portion of the Authority's 2012 and 2011 expense that was used to fund postemployment benefits was $354,691 and $366,136, respectively.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This accounting standard replaces GASB Statement 27, and it is effective for employer fiscal years beginning after June 15, 2014.

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 2012.

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 Blended Component Unit in 2012, previously 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. Prior to 2012, MHP was the majority owner, with a 79% interest in Rosewind GP Corporation, which was the 1% general partner in Rosewind Limited Partnership, a component unit of the Authority. 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.

Rosewind Limited Partnership was previously reported as a discretely presented component unit. As discussed in Note 3, in 2012, the Authority purchased the remaining interest of Rosewind limited Partnership, and the entity is now blended within the Authority's financial statements. All intercompany balances between the Authority and Rosewind Limited Partnership are eliminated upon consolidation.

Gender Road Limited Partnership (a Discretely Presented Component Unit) — MHP is 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 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 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, 2012, 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 2012. There were no amounts held in escrow at December 31, 2012.

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 consolidated 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 2012. 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 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 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, 2012, 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 are recorded in Jenkins Terrace, LLC's financial statements.

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

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.

Construction has been funded using capital grant funds and the proceeds of a bond issuance. The Authority leases to Waggoner Road, 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, 2012, the Authority has not incurred any 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 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 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, 2012, the Authority has not incurred any accounts payable for pass-through funds to subsidiaries.

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.

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

Elim Manor Elderly Housing, LLC (a Discretely Presented Component Unit) — In December 2010, the Authority purchased 0.049% ownership interest in Elim Manor Elderly Housing, LLC, a component unit of the Authority (see Note 16).

This entity was established to construct, finance, lease, and operate a qualified low-income project within the meaning of Section 42 of the IRC, for which third-party investors will receive low-income tax credits in return for equity investments in Elim Manor Elderly Housing, LLC.

The Authority leases to Elim Manor Elderly Housing, LLC the property on which the low-income housing will be constructed. The lease term is for 75 years at $100 per year.

For the year ended December 31, 2012, the Authority has not incurred any accounts payable for pass-through funds to subsidiaries.

Avondale Senior Housing Limited Partnership (a Related Party) — In June 2011, the Authority purchased 0.1% ownership interest in Avondale Senior Housing Limited Partnership. The amount invested in 2012 was $2,595,000.

This entity was established to construct, finance, lease, and operate a qualified low-income project within the meaning of Section 42 of the IRC, for which third-party investors will receive low-income tax credits in return for equity investments in Avondale Senior Housing Limited Partnership.

The Authority leases to Avondale Senior Housing Limited Partnership the property on which the low-income housing will be constructed. The lease term is for 75 years at $100 per year.

For the year ended December 31, 2012, the Authority has not incurred any accounts payable for pass-through funds to subsidiaries.

Franklin Station, LLC (a Discretely Presented Component Unit) — In September 2011 Franklin Station, LLC was established. In February 2012, the Authority purchased 0.1% ownership interest in Franklin Station, LLC.

This entity was established to construct, finance, lease, and operate a qualified low-income project within the meaning of Section 42 of the IRC, for which third-party investors will receive low-income tax credits in return for equity investments in Franklin Station, LLC.

The Authority leases to Franklin Station, LLC the property on which the low-income housing will be constructed. The lease term is for 75 years at $100 per year.

For the year ended December 31, 2012, the Authority has not incurred any accounts payable for pass-through funds to subsidiaries.

11. UNCOMPLETED CONTRACTS

At December 31, 2012, the Authority has commitments of $600,200 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. 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 Community Development Corporation (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 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. 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. Management has determined that no impairment existed as of December 31, 2012.

Cash Reserves — Cash reserves include tenant security deposits, replacement and operating reserve accounts 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.

Accounts Receivable — Tenants — 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 not 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, 99.9% 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. The Partnership accounts for uncertainty in income taxes in its financial statements as required under Financial Accounting Standards Board Accounting Standards

Codification (FASB ASC), *Accounting for Uncertainty in Income Taxes*. The standard prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The standard also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition accounting. Income tax returns prior to 2009 are closed. Management determined there were no material uncertain positions taken by the Partnership in its tax returns.

Cash — The Partnership maintains seven bank accounts with three financial institutions, which at times may exceed federally insured limits. All of the Partnership's non-interest bearing cash balances were fully insured at December 31, 2012 due to a temporary federal program in effect from December 31, 2010 through December 31, 2012. Under this program, there is no limit to the amount of insurance for eligible accounts. Interest-bearing amounts on deposit exceeded federally insured limits by approximately $385,000 at December 31, 2012.

Cash Reserves — Cash reserves included the following at December 31, 2012:

Operating reserve	$ 441,452
Tenants' security deposits	30,710
Exit tax escrow	313,585
Replacement reserve	99,494
Total	$ 885,241

Other Assets — Other assets included the following at December 31, 2012:

Prepaid insurance	$ 18,951
Prepaid contracts	403
Compliance monitoring fee — net	2,374
Total other assets	$ 21,728

Note Payable — The Partnership has a $10,000,000 open-end mortgage with the Columbus Metropolitan Housing Authority (CMHA). The Partnership is required to make minimum annual payments of $25,000 per year. At December 31, 2012, the outstanding balance on the loan was $6,165,082. 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 $313,000 as of December 31, 2010, was for the subscribed capital contributions. The note was secured solely by the Limited Partners' interest in the Partnership. The balance of $313,000 was paid in full during 2011 and used to fund the exit tax escrow included in cash reserves at December 31, 2012.

The Partnership Agreement provides that an annual asset management fee be paid to Ohio Capital Corporation for Housing (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 $6,156 were charged to expense in 2012. As of December 31, 2012, $513 is due from the Partnership to OCCH for asset management fees.

Management fees are based on $35 per occupied unit, per month and are payable to CMHA. Management fees amounting to $39,445 was charged to expense in 2012.

All operating expenses are initially incurred and paid by CMHA. The Partnership reimburses CMHA for its monthly expenses. As of December 31, 2012, the Partnership owed CMHA $34,555. These amounts are 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 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 2012. 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 area median gross income (AMGI), adjusted for family size.

Subsequent Events — Date of Management Evaluation — Management has evaluated subsequent events through February 25, 2013, the date on which the financial statements were available to be issued.

14. JENKINS TERRACE, LLC — NOTES TO DISCRETELY PRESENTED 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 units 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 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 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 and improvements	40 years
Site improvements	15 years
Furniture and fixtures	3–5 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 based on the difference between the carrying amount of the assets and their estimated fair value. Management has determined that no impairment existed as of December 31, 2012.

Cash Reserves — Cash reserves consist of a tenant security deposit account. The reserves have been established in an amount 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.

Accounts Receivable — Tenants — 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 not 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.

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.

The Company accounts for uncertainty in income taxes in its financial statements as required under FASB ASC, *Accounting for Uncertainty in Income Taxes*. The standard prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The standard also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition accounting. Income tax returns prior to 2009 are closed. Management determined there were no material uncertain positions taken by the Company in its tax returns.

Cash — The Company maintains two bank accounts with one financial institution, which at times may exceed federally insured limits. All of the Company's non-interest bearing cash balances were fully insured at December 31, 2012, due to a temporary federal program in effect from December 31, 2010 through December 31, 2012. Under this program, there is no limit to the amount of insurance for eligible accounts. There was no interest bearing amounts on deposit in excess federally insured limits at December 31, 2012.

Cash Reserves — Cash reserves included the following at December 31, 2012:

Tenants' security deposits	$ 24,731

Other Assets — Other assets included the following at December 31, 2012:

Compliance monitoring fee	$ 33,335
Tax credit fees	18,983
Total other assets	$ 52,318

Related-Party Transactions — The note receivable from the Investor Member in the amount of $486,372 as of December 31, 2012, 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 $486,372 on or before April 30, 2013.

The Operating Agreement provides that an asset management fee be paid to Ohio Capital Corporation for Housing (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 $43,334 as of December 31, 2012 and are included in prepaid expenses in the accompanying balance sheet.

Beginning in 2007, monthly management fees of $35 per occupied unit are payable to Columbus Metropolitan Housing Authority (CMHA). This amount increases by 3% annually. Management fees amounting to $47,403 was charged to expense in 2012.

All operating expenses are initially incurred and paid by CMHA. The Company reimburses CMHA for its monthly expenses. As of December 31, 2012, the Company owed CMHA $52,141. These amounts are included in accounts payable — trade in the accompanying balance sheet.

The Operating 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 their 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 2012. The Managing Member does not receive a fee under this provision.

Operating Deficit Funding Agreement — Effective March 1, 2006, CMHA and the Company entered into an operating deficit funding agreement. As part of this agreement, CMHA will deposit $924,000 in a Public Housing Operating Deficit Funding Account. Additionally, the CMHA will deposit $811,719 in a Pledged Reserve Account. CMHA will not be entitled to repayment of any portion of these amounts.

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 area median gross income (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 United States Department of Housing and Urban Development definition of elderly (the head of household must be age 62 or older, or handicapped, or disabled).

Subsequent Events — Date of Management Evaluation — Management has evaluated subsequent events through February 13, 2013, the date on which the financial statements were available to be issued.

15. WORLEY TERRACE, LLC — NOTES TO DISCRETELY PRESENTED 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 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 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

Impairment of Assets — The carrying value of long-lived 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. Management has determined that no impairment existed as of December 31, 2012.

Cash Reserve — Cash reserves include an operating reserve and tenant security deposits accounts. 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.

Accounts Receivable — Tenants — 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 not 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.

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. The Company accounts for uncertainty in income taxes in its financial statements as required under FASB ASC, *Accounting for Uncertainty in Income Taxes*. This standard prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The standard also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition accounting. Income tax returns prior to 2009 are closed. Management determined there were no material uncertain positions taken by the Company in its tax returns.

Cash — The Company maintains four bank accounts with two financial institutions, which at times may exceed federally insured limits. All of the Company's non-interest bearing cash balances were fully insured at December 31, 2012, due to a temporary federal program in effect from December 31, 2010 through December 31, 2012. Under this program, there is no limit to the amount of insurance for eligible accounts. Interest bearing amounts on deposit in excess of federally insured limits were approximately $103,000 at December 31, 2012.

Cash Reserves — Cash reserves included the following at December 31, 2012:

Tenants' security deposit	$ 23,657
Operating reserve	353,394
Total	$ 377,051

Other Assets — Other assets included the following at December 31, 2012:

Compliance monitoring fee — net	$ 66,000
Asset management fee — net	55,000
Total	$ 121,000

Related-Party Transactions — The note receivable from the Investor Members in the amount of $100,000 as of December 31, 2012, is for the subscribed capital contributions. The note is secured solely by the Investor Members' interest in the Company. The balance is due in one installment of $100,000 in 2014.

The Operating Agreement provides that an asset management fee be paid to Ohio Capital Corporation for Housing (OCCH). The fee for the term of the agreement (15 years) is $75,000 and was paid during 2009. The asset management fee will be amortized over the term of the agreement and began in 2009.

Monthly management fees per occupied unit are payable to Columbus Metropolitan Housing Authority (CMHA). Management fees amounting to $43,804 was charged to expense during 2012.

The Partnership Agreement provides that a disposition fee of 3% of net cash from 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 CMHA. The Project reimburses CMHA for its monthly expenses. As of December 31, 2012, the Project owed CMHA $40,926. This amount is included accounts payable — trade in the accompanying balance sheet.

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 Members shall reduce their 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 2012. The Managing Member does not receive a fee under this provision.

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

Commitments and Contingencies:

Restrictive Covenant — 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. The 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 area median gross income (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 60% of the AMGI
- 25 units with rents at 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, handicapped, or disabled).

Subsequent Events — Date of Management Evaluation — Management has evaluated subsequent events through February 15, 2013, the date on which the financial statements were available to be issued.

16. ELIM MANOR ELDERLY HOUSING, LLC — NOTES TO DISCRETELY PRESENTED COMPONENT UNIT FINANCIAL STATEMENTS

Organization — Elim Manor Elderly Housing, LLC (the Company), an Ohio limited liability company, was originally formed on October 26, 2009, by Elim Manor Elderly Facilities, Inc. (Managing Member). The Operating Agreement was subsequently amended and restated on December 10, 2010 (Operating Agreement) to evidence the admission of Huntington Ohio ARRA Fund, LLC (ARRA Fund) as the Investor Member and the admission of Columbus Metropolitan Housing Authority (CMHA) as the Special Investor Member.

Elim Manor Holding Corp LLC, an Ohio limited liability company, was formed on November 12, 2010 and is a wholly owned subsidiary of the Company created to maintain the capital assets of the housing project.

The Company was formed to construct, finance, lease and operate qualified low income housing project with 63-units known as Elim Manor in Columbus, Ohio. The Company's major HUD program is its insured mortgage under Section 231 of the National Housing Act, as amended. This program provides housing for elderly or handicapped persons. The Company began leasing housing units during July 2012. Substantial completion of construction was completed and certified by August 17, 2012 and qualified occupancy was achieved by November 30, 2012. Lease terms are typically one year. The Operating Agreement provides that the Company shall continue in existence until December 31, 2085, or such later date as is agreed to by all Members, unless it is earlier dissolved and terminated by provisions of the Agreement.

HUD has contracted with the Company pursuant to Section 8 of the United States Housing Act of 1937, as amended, to make housing assistance payments to the Company on behalf of qualified tenants. The term of the original HAP contract is fifteen years, and it expires on May 31, 2027.

Principles of Consolidation — The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary Elim Manor Holding Corp, LLC. All significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of Accounting — The consolidated financial statements of the Company have been prepared on the accrual basis of accounting.

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Rental Property — Leasehold improvements and furniture and fixtures are carried at cost. Amortization is computed using the straight-line method for leasehold improvements over 15, 20 and 27.5 years. Depreciation is computed using the straight-line method over 5 years for the furniture and fixtures. Major expenditures for property and equipment and expenditures, which substantially increase useful lives, are capitalized. Maintenance, repairs and minor renewals are expensed as incurred.

The Company reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property including the low income housing tax credits and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. There were no impairment losses recognized in 2012.

Cash Reserves — Cash reserves may include tenant security deposits, replacement, operating and lease-up reserve accounts and a tax and insurance escrow. The reserves have been established in amounts considered by the Members to be adequate and in accordance with the Operating Agreement, and therefore have been excluded from cash in the accompanying balance sheet.

Tenants' Receivable and Bad Debt Policy — Tenant rent charges for the current month are due on the first day 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.

Upon tenant move out or eviction, any tenant receivable balance is turned over to a contract collection agency for collection. Uncollected amounts are written off as bad debt.

Deferred Charges — Direct costs incurred in connection with obtaining the mortgages and other notes payable have been capitalized and will be amortized over the term of the respective loan using the straight-line method. Deferred charges were net of accumulated amortization of $0 as of December 31, 2012.

Members' Equity — Profit and loss is to be allocated between the Investor Member, Special Investor Member, and Managing Member, 99.9%, 0.049%, and 0.051%, respectively, other than special allocations (as defined by the Operating Agreement) and certain other items that would be specifically allocated to the Members in accordance with the Operating Agreement.

Advertising — Advertising costs are expensed as incurred. Advertising costs were $1,144 for the year ended December 31, 2012.

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

Accounting for Uncertainty in Income Taxes — The Company's income tax filings are subject to audit by various taxing authorities. The Company's open audit periods are 2010 and 2011. In evaluating the Company's tax provisions and accruals, future taxable income, and the reversal of temporary differences, interpretations and tax planning strategies are considered. The Company believes their estimates are appropriate based on current facts and circumstances.

Subsequent Events — The Company evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through April 08, 2013, the date which the financial statements were available to be issued.

Cash Reserves — Cash reserves consist of the following at December 31, 2012:

Company reserves and escrow:	
Tenant security deposit	$ 15,750
Tax and insurance	2,633
Operating reserve	100
Replacement reserve	100
Mortgage reserves and escrow:	
Mortgage insurance premium escrow	10,688
Tax escrow	5,433
Insurance escrow	13,156
Replacement reserve	18,903
Principal escrow	20,863
Offsite escrow	6,700
Operating deficit escrow	42,500
Mortgage cash escrow	67,027
Working capital escrow	50,067
	$ 253,920

Mortgage and Other Notes Payable — Mortgage and other notes payable consists of the following at December 31, 2012:

The HUD-insured Section 231 mortgage note payable to Red Mortgage Capital, LLC, bearing interest at 3.68%, interest only payments through March 1, 2012, principal and interest payable in monthly installments of $9,957 beginning April 1, 2012 through the March 1, 2052 maturity date.	$ 2,226,543
Note payable to the Ohio Housing Finance Agency, bearing a variable interest rate (2.75% as of December 31, 2012), interest payable in monthly installments; repaid during 2012. Guaranteed by Columbus Housing Partnership, Inc. dba Homeport (Homeport)	
Note payable to The Affordable Housing Trust for Columbus and Franklin County, bearing interest at 2.5%, interest payable in monthly installments beginning through the March 31, 2013, maturity date. Guaranteed by Homeport.	650,000
Total	$ 2,876,543

The minimum principal payments of the mortgages and other notes payable at December 31, due in each of the next five years and thereafter are as follows:

2013	$ 678,727
2014	29,802
2015	30,918
2016	32,075
2017	33,275
Thereafter	2,071,746
Total	$ 2,876,543

Related Party Transactions — The non-interest bearing note receivable for the Investor Member's subscribed capital contribution in the amount of $838,892 at December 31, 2012 is secured solely by the Investor Member's interest in the Company. In accordance with the Operating Agreement, $122,848 of the total $1,084,957 Investor Member's capital contributions was paid in 2012.

The Special Investor Member has made capital contributions in the amount of $2,284,080 in accordance with the Operating Agreement.

The Operating Agreement and the Administrative Services Agreement provide that an asset management fee be paid to Homeport, minority owner of the Managing Member. The fee is $4,000 each year and increase 3% annually as set forth in the Operating Agreement. No asset management fees were paid or charged to expense during 2012.

The Operating Agreement and the Supportive Service Fee Agreement provide that a service coordinator fee of $317 per unit (increasing at 3% per annum) be paid to Homeport the Service Coordinator. Unpaid fees shall accrue without interest. No service coordinator fees were paid or charged to expense during 2012.

The Operating Agreement provides that an asset management fee be paid to Ohio Capital Corporation for Housing (OCCH), an affiliate of the Investor Member. The fee is $80,000 and is to be paid from the second installment of the Investor Member's capital contribution. Asset management fees in the amount of $0 were charged to expense in 2012.

The Operating Agreement provides that a disposition fee of 1% of any amounts payable to the Company upon the sale of the rental property or any portion thereof shall be paid to OCCH, up to a maximum of $50,000. No fee was charged to expense during 2012.

The Company agreed to pay a development fee of $822,868 to Homeport and Columbus Metropolitan Housing Authority (CMHA) for certain services provided during construction and development. As of December 31, 2012, $699,651 was payable under this agreement and capitalized as construction in progress. The deferred development fee is to be paid from available cash flow as permitted by the Operating Agreement. The Managing Member is required to make an additional capital contribution, on the maturity date of the tenth anniversary of the date the project is placed in service, in an amount equal to the outstanding amount of any unpaid development fee of which the proceeds shall be used by the Company to repay the unpaid development fee.

As of December 31, 2012, $1,628 was due to Homeport for expenses paid on behalf of the Company.

The Company entered into a lease agreement with CMHA on December 10, 2010 to lease land on which the housing project was constructed. Annual rent payments of $100 are to be paid to CMHA for the term of 75 years. After the lease terminates in the 75th year, all assets affixed to the land will revert to CMHA. Commencing on the expiration of the compliance period, CMHA has the right to exercise the qualified purchase option, as defined in the Operating Agreement and purchase the property. If this option is not exercised within 60 days of the end of the compliance period, Homeport has the option to acquire the property under the same terms as CMHA. Provided that the qualified purchase option is not exercised by CMHA or Homeport the Investor Member has the right to require the Managing Member to purchase the Investor Member's interest in the Company for a purchase price of $1,000.

Guarantees — The Operating Agreement provides for a construction completion guaranty, whereby the Managing Member and Homeport (Guarantors) guarantee that the project will be constructed in accordance with defined plans and specifications. The guaranty includes funding all amounts incurred to complete construction in excess of existing sources of financing. Any financing arrangements arranged by the Managing Member should be the sole obligation of the Managing Member. Funds made available by the Guarantors will be treated as income to the Company. No funds have been advanced as part of this guarantee as of December 31, 2012.

The Managing Member is required to loan the Company an amount equal to any financing that was less than projected in the Operating Agreement.

The Operating Agreement requires the Managing Member and Columbus Metropolitan Housing Authority to jointly provide up to $186,093 to the Company in order to permit the Company to meet all reasonable current costs of owning and operating the project property throughout the period as defined in the Agreement. Amounts paid by the Managing Member and CMHA to the Company pursuant to this agreement shall be treated as a non-interest bearing loan repayable as cash flow of the Company permits. The Managing Member and CMHA have not advanced any funds to the Company pursuant to this agreement. The Managing Member and CMHA do not receive a fee for providing this guaranty.

Allowable Distribution to Members — Under the Regulatory Agreement for Section 231 projects, distributions to members from funds provided by rental operations are allowed at the end of a semiannual or annual period, provided: 1) surplus cash, as defined by HUD, is available for such purposes; 2) the project is in compliance with all outstanding notices of requirements for proper maintenance; and 3) there is no default under the Regulatory Agreement or under the note or mortgage. In addition, no payments can be made if the property falls below a physical inspection rating of 60 as determined by HUD’s Real Estate Assessment Center.

Rent Increases — Under the Regulatory Agreement for Section 231 projects the Company may not increase rents charged to tenants without prior HUD approval.

Replacement Reserve — The HUD regulatory agreement requires the Company to set aside amounts for the replacement of property and other project expenditures approved by HUD. HUD-restricted deposits are held in separate accounts and generally are not available for operating purposes. The Company is required to make a monthly transfer of $2,100 to the permanent restricted replacement reserve account. The account is held by the mortgage company and withdrawals from the account require HUD approval.

Commitments — The Company is bound by restrictive covenants. The covenants state that 100% of the Company’s property must be maintained as low-income housing for an initial compliance period of 15 years and for an extended period of use of an additional 15 years unless terminated after the end of the initial 15 year period. The restrictive covenants require the following rent and income restrictions as a percentage of the area median income (AMI):

Income restrictions:
- 47 units with household income at or below 30% of the AMI
- 14 units with household income at or below 50% of the AMI
- 2 units with household income at or below 60% of the AMI

Rent restrictions:
- 47 units with rents at 30% of the AMI
- 14 units with rents at 50% of the AMI
- 2 units with rents at 60% of the AMI

The Company receives a project-based rental subsidy (Section 8 housing assistance payments) on 63 units; each household rent must not exceed 30% of the household's adjusted income. The property must be occupied by the elderly. Without prior written approval of HUD, the entire project must be rented to elderly persons receiving supportive services.

Credit Reduction Payment — The Company has been allocated $1,832,950 of low-income housing tax credits (LIHTC) under IRC Section 42. The tax credits are utilized by the Investor Member of the Company and are not reported in the accompanying financial statements of the Company and therefore have not been audited.

The Operating Agreement requires a Credit Reduction Payment (as defined in the Operating Agreement) in the event there is 1) a permanent reduction in the LIHTC available to ARRA Fund, 2) there is a timing difference in the Tax Credit, available to the Investor Member in 2012 3) a material Tax Credit shortfall occurs in any year after 2012 whereby the Investor receives less than the allocable share of the projected Tax Credits for that year. The Investor Member is entitled to reduce its subscribed capital contribution by the amount of the shortfall on a pro rata basis to recover amounts due the Investor Member pursuant to the Operating Agreement.

The Operating Agreement requires the Managing Member and Homeport to provide jointly up to $822,868 to the Company in order to permit the Company to satisfy its Credit Reduction Payment obligation to the Investor Member. Amounts paid by the Managing Member or Homeport to the Company shall be treated as income to the Company. No funds have been advanced to the Company pursuant to the Credit Reduction Payment. The Managing Member or Homeport does not receive a fee for providing this guarantee.

Real Estate Tax Exemption — The CMHA applied for and was granted a 100% exemption of real estate taxes on the value of the Company's real estate by the Franklin County Commissioners. The Franklin County Auditor has adjusted its property tax records to reflect the Company's exemption from real estate taxes on the value of the land and leasehold improvements leased from CMHA.

Current Vulnerability Due to Certain Concentrations — The Company's largest asset is a 63-unit apartment project. The Company's operations are concentrated in the multifamily real estate market in Columbus, Ohio. In addition, the Company operates in a heavily regulated environment. The operations of the Company are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, Internal Revenue Service (IRS) and Ohio Housing Finance Agency (OHFA). Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by the IRS or OHFA. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

The Company receives HUD Section 8 rent subsidies from tenants who qualify to receive the rent subsidies in accordance with HUD rules and regulations. During the year ended December 31, 2012 rent subsidies from HUD totaled $92,704 representing 72% of net rental revenue.

The Company deposits its cash in financial institutions. At various times during the year, the account balances may exceed the institution's federally insured limits. The Company has not experienced any losses on such accounts.

17. SUBSEQUENT EVENTS

The Authority evaluated all events or transactions that occurred after December 31, 2012, up through, June 28, 2013, the date these consolidated financial statements were available to be issued. During this period, the Authority did not have any material recognizable subsequent events.

* * * * * *

CONSOLIDATING SUPPLEMENTAL FINANCIAL DATA SCHEDULES

COLUMBUS METROPOLITAN HOUSING AUTHORITY

CONSOLIDATING STATEMENT OF NET POSITION INFORMATION AS OF DECEMBER 31, 2012

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	Ross Grant 14.877	HOPE VI 14.866	Shelter Care Plus 14.238	Other Business Ventures	Section 8 NC S/R 14.182	Central Office	AHSC 14.195	Interprogram Eliminations	Total
CASH AND CASH EQUIVALENTS:															
Unrestricted	$2,703,867	$ 1,108,063	$ -	$156,687	$ -	$ -	$ -	$ -	$336,974	$1,651,422	$ -	$3,947,796	$ 22,986	$ -	$ 9,927,795
Restricted, modernization, and development	2,333,375									433,338		305,460			3,072,173
Other restricted		3,266,307	82,193							3,994,891					7,343,391
Tenant security deposits	71,335									141,011					212,346
Restricted for payment of current liability		1,819								147,425					149,244
Total cash and cash equivalents	5,108,577	4,376,189	82,193	156,687	-	-	-	-	336,974	6,368,087	-	4,253,256	22,986	-	20,704,949
ACCOUNTS AND NOTES RECEIVABLE:															
Accounts receivable — PHA projects		113,392													113,392
Accounts receivable — HUD, other projects		4,012				576,728		294	5,521				2,586,136		3,172,691
Accounts receivable — miscellaneous	32,903	500,023	475	23,269						3,010		1,138,667		(701,634)	996,713
Allowance for doubtful accounts — miscellaneous															-
Accounts receivable — tenants, dwelling rent	88,463									21,020					109,483
Allowance for doubtful accounts — tenants, dwelling rent	(15,531)									(3,659)					(19,190)
Allowance for doubtful accounts — other		(401,945)	(475)	(23,269)											(425,689)
Notes and mortgages receivable — current												25,000			25,000
Fraud recovery		2,002,894		799											2,003,693
Allowance for doubtful accounts — fraud		(2,002,409)		(1,284)											(2,003,693)
Accrued interest receivable	10,306	5,566								172,691		92,900			281,463
Total accounts and notes receivable — net allowance for doubtful accounts	116,141	221,533	-	(485)	-	576,728	-	294	5,521	193,062	-	1,256,567	2,586,136	(701,634)	4,253,863

(Continued)

COLUMBUS METROPOLITAN HOUSING AUTHORITY

CONSOLIDATING STATEMENT OF NET POSITION INFORMATION
AS OF DECEMBER 31, 2012

	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	Ross Grant 14.877	HOPE VI 14.866	Shelter Care Plus 14.238	Other Business Ventures	Section 8 NC S/R 14.182	Central Office	AHSC 14.195	Interprogram Eliminations	Total
INVESTMENTS:															
Unrestricted	$ 4,972,163	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 7,409,233	$ -	$ -	$ 12,381,396
Restricted for payment of current liability	168,118	289,814													457,932
Restricted	867,599	3,658,053										3,845,742			8,371,394
Total investments	6,007,880	3,947,867	-	-	-	-	-	-	-	-	-	11,254,975	-	-	21,210,722
PREPAID EXPENSES AND OTHER ASSETS — Excluding accrued interest receivables	185,984	72,454								27,898		52,158			338,494
INVENTORIES												19,323			19,323
ALLOWANCE FOR OBSOLETE INVENTORIES															-
INTERPROGRAM RECEIVABLE															-
CAPITAL ASSETS:															
Land	893,899	785,041								308,605		3,893,489			5,881,034
Buildings	174,476,315	318,040								36,204,465		10,158,616			221,157,436
Furniture, equipment, and machinery — dwellings	1,868,210									354,310		2,339,128			4,561,648
Furniture, equipment, and machinery — administration		2,417,162							16,926	481,428			266,609		3,182,125
Accumulated depreciation	(137,225,660)	(2,190,451)							(16,926)	(16,067,539)		(6,733,522)	(266,609)		(162,500,707)
Construction in progress						5,230,207		1,259		6,681,537		197,219			12,110,222
Total capital assets — net of accumulated depreciation	40,012,764	1,329,792	-	-	-	5,230,207	-	1,259	-	27,962,806	-	9,854,930	-		84,391,758
OTHER ASSETS:															
Notes and mortgages receivable — noncurrent										261,990		7,427,381			7,689,371
Other assets															
Investments and joint ventures	1,963,165									1,119		22,534,511			24,498,795
Total other assets	1,963,165	-	-	-	-	-	-	-	-	263,109	-	29,961,892	-	-	32,188,166
TOTAL	$ 53,394,511	$ 9,947,835	$82,193	$156,202	$ -	$5,806,935	$ -	$1,553	$342,495	$ 34,814,962	$ -	$56,653,101	$2,609,122	$(701,634)	$ 163,107,275

(Continued)

COLUMBUS METROPOLITAN HOUSING AUTHORITY

CONSOLIDATING STATEMENT OF NET POSITION INFORMATION
AS OF DECEMBER 31, 2012

LIABILITIES AND NET POSITION	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	Ross Grant 14.877	HOPE VI 14.866	Shelter Care Plus 14.238	Other Business Ventures	Section 8 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	$ 823,611	$ 444,026	$ -	$ -	$ -	$ 478,528	$ -	$ 294	$ 8,530	$ 398,050	$ -	$ 445,346	$2,512,738	$(701,634)	$ 4,409,489
Accounts payable — >90 days	8,248	41				80,181				97,350		3,067			188,887
Accrued wages/payroll taxes payable	39,152	55,280				8,110			840	14,700		148,343			266,425
Accrued compensated absences — current portion	46,878	65,399				7,331			2,160			106,495			228,263
Accrued contingent liability	64,410	5,462								1,292					71,164
Accounts payable — HUD, PHA program				30,965					109,387						140,352
Accounts payable — other government	38,721									218,770					257,491
Tenant security deposits	240,604									136,852					377,456
Deferred revenue	56,526									19,162		38			75,726
Other current liabilities										40,033					40,033
Accrued liabilities — other	109,138	732							34	4,810		574			115,288
Total accounts payable, accrued liabilities, and other liabilities	1,427,288	570,940	-	30,965	-	574,150	-	294	120,951	931,019	-	703,863	2,512,738	(701,634)	6,170,574
Debt and other liabilities:															
Long-term debt — current portion										4,695,377					4,695,377
Noncurrent liabilities — other		307,255													307,255
Accrued compensated absences — noncurrent	15,893	27,762				2,576			1,098			37,417			84,746
Total debt and other liabilities	15,893	335,017	-	-	-	2,576	-	-	1,098	4,695,377	-	37,417	-	-	5,087,378
Total liabilities	1,443,181	905,957	-	30,965	-	576,726	-	294	122,049	5,626,396	-	741,280	2,512,738	(701,634)	11,257,952
NET POSITION:															
Net Investment in capital assets	40,012,764	1,329,792				5,230,207		1,259		23,267,429		9,854,924			79,696,375
Restricted net position	3,200,974	6,924,360	82,193							4,428,229		4,151,205			18,786,961
Unrestricted net position	8,737,592	787,726		125,237		2			220,446	1,492,908		41,905,692	96,384		53,365,987
Total net position	51,951,330	9,041,878	82,193	125,237	-	5,230,209	-	1,259	220,446	29,188,566	-	55,911,821	96,384	-	151,849,323
TOTAL	$53,394,511	$9,947,835	$82,193	$156,202	$ -	$5,806,935	$ -	$1,553	$342,495	$34,814,962	$ -	$56,653,101	$2,609,122	$(701,634)	$163,107,275

See notes to consolidated financial statements.

(Concluded)

COLUMBUS METROPOLITAN HOUSING AUTHORITY

CONSOLIDATING STATEMENT OF REVENUES AND EXPENSES INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2012

	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	Capital Stimulus 14.884	Ross Grant 14.877	HOPE VI 14.866	Shelter Care Plus 14.238	Other Business Ventures	Section 8 NC S/R 14.182	Central Office	AHSC 14.195	Eliminations	Total
REVENUES:																
Net tenant rental revenues	$1,460,324	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$2,869,722	$ -	$ -	$ -	$ -	$ 4,330,046
HUD, PHA operating grants	7,968,654	82,310,993		358,066		1,572,867		47,464	2,198	2,907,767				581,032,280		676,200,289
Capital grants						2,172,784			1,259							2,174,043
Total fee revenue													5,465,105		(5,265,137)	199,968
Other government grants																-
Interest income — unrestricted	14,189	1,617		38						42	28,929		31,688			76,503
Other revenue	114,829	2,716,892									122,438		3,977,851			6,932,010
Fraud recovery		309,031														309,031
Gain or loss on the sale of fixed assets	(11)	6,336														6,325
Interest income — restricted	30,415	16,629									7,152		8,098			62,294
Total revenues	9,588,400	85,361,498	-	358,104	-	3,745,651	-	47,464	3,457	2,907,809	3,028,241	-	9,482,742	581,032,280	(5,265,137)	690,290,509
EXPENSES:																
Administrative:																
Administrative salaries	615,538	2,677,815		16,656						103,888	171,883		3,447,661	117,677		7,151,118
Auditing fees	49,818	119,005		720						5,892	16,890		13,156			205,481
Outside management fees	1,271,143	2,833,800		15,439		455,167				118,367	172,276			15,767,537	(4,747,377)	15,886,352
Employee benefit contributions — administrative	188,527	846,320		6,216						46,647	38,141		935,316	23,470		2,084,637
Other administrative expenses	366,363	842,553		2,186				33,711	2,198	30,405	391,746		710,310	376,197		2,755,669
Total administrative expenses	2,491,389	7,319,493	-	41,217	-	455,167	-	33,711	2,198	305,199	790,936	-	5,106,443	16,284,881	(4,747,377)	28,083,257
Total asset management fee	157,900										9,000				(166,900)	
Tenant services:																
Tenant services — salaries						52,652					19,260					71,912
Relocation costs						536,054										536,054
Employee benefit contributions — tenant services						18,247					5,522					23,769
Tenant services — other	43,111							13,753			4,336		25,247			86,447
Total tenant services	43,111	-	-	-	-	606,953	-	13,753	-	-	29,118	-	25,247	-	-	718,182

(Continued)

COLUMBUS METROPOLITAN HOUSING AUTHORITY

CONSOLIDATING STATEMENT OF REVENUES AND EXPENSES INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2012

	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	Capital Stimulus 14.884	Ross Grant 14.877	HOPE VI 14.866	Shelter Care Plus 14.238	Other Business Ventures	Section 8 NC S/R 14.182	Central Office	AHSC 14.195	Eliminations	Total
Utilities:																
Water	$ 948,134	$ 3,369	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 155	$ 89,407	$ -	$ 9,801	$ -	$ -	$1,050,866
Electricity	454,292	10,229								471	210,786		130,860			806,638
Gas	238,958	1,029								47	54,373		517			294,924
Total utilities	1,641,384	14,627	-	-	-	-	-	-	-	673	354,566	-	141,178	-	-	2,152,428
Ordinary maintenance and operations:																
Labor	1,181,863										171,552		246,837			1,600,252
Materials and other	448,503	93,003								1,406	48,723		136,486			728,121
Contract costs	1,236,059	60,479								115	382,192		177,473		(350,860)	1,505,458
Employee benefit contributions — maintenance and operations	353,172										35,844		66,965			455,981
Total ordinary maintenance and operations	3,219,597	153,482	-	-	-	-	-	-	-	1,521	638,311	-	627,761	-	(350,860)	4,289,812
Protective services:																
Protective services — labor	13,966					214,924										228,890
Protective services — other contract costs	77,197					63,051					37,619					177,867
Protective services — other																-
Employee benefit contributions — protective services	4,823					74,484										79,307
Total protective services	95,986	-	-	-	-	352,459	-	-	-	-	37,619	-	-	-	-	486,064
General expenses:																
Insurance premiums	364,547	165,771		1,116		6,044				7,216	80,496		169,420	80,410		875,020
Other general expenses	1,401,831	76,720									3,951					1,482,502
Payments in lieu of taxes and other real estate tax expense	34,924										275,846					310,770
Bad debt — tenant rents	111,945										(3,110)					108,835
Bad debt — other													1,925			1,925
Interest expense											264,790					264,790
Severance expense	14,769	14,747											18,575			48,091
Total general expenses	1,928,016	257,238	-	1,116	-	6,044	-	-	-	7,216	621,973	-	189,920	80,410	-	3,091,933

(Continued)

COLUMBUS METROPOLITAN HOUSING AUTHORITY

CONSOLIDATING STATEMENT OF REVENUES AND EXPENSES INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2012

	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	Capital Stimulus 14.884	Ross Grant 14.877	HOPE VI 14.866	Shelter Care Plus 14.238	Other Business Ventures	Section 8 NC S/R 14.182	Central Office	AHSC 14.195	Eliminations	Total
Other expenses:																
Nonroutine maintenance	$ 85,333	$ -	$ -	$ -	$ -	$ 152,240	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 237,573
Housing assistance payments		81,868,422		308,282						2,570,243				565,484,672		650,231,619
Depreciation expense	4,074,209	107,831									1,690,602		664,714			6,537,356
Total other expenses	4,159,542	81,976,253	-	308,282	-	152,240	-	-	-	2,570,243	1,690,602	-	664,714	565,484,672	-	657,006,548
Total expenses	13,736,925	89,721,093	-	350,615	-	1,572,863	-	47,464	2,198	2,884,852	4,172,125	-	6,755,263	581,849,963	(5,265,137)	695,828,224
OTHER FINANCING SOURCES (USES):																
Extraordinary items													4,317,672			4,317,672
Special Items — net gain/loss											(208,429)					(208,429)
Operating transfers in																
Operating transfers out																
Total other financing uses	-	-	-	-	-	-	-	-	-	-	(208,429)	-	4,317,672	-	-	4,109,243
EXCESS (DEFICIENCY) OF TOTAL REVENUES OVER (UNDER) TOTAL EXPENSES	$ (4,148,525)	$ (4,359,595)	$ -	$ 7,489	$ -	$ 2,172,788	$ -	$ -	$ 1,259	$ 22,957	$ (1,352,313)	$ -	$ 7,045,151	$ (817,683)	$ -	$ (1,428,472)

See notes to consolidated financial statements.

(Concluded)

FEDERAL FINANCIAL DATA SCHEDULES

COLUMBUS METROPOLITAN HOUSING AUTHORITY

RECONCILIATION OF CONSOLIDATED FINANCIAL STATEMENTS TO THE FINANCIAL DATA SCHEDULE AS OF DECEMBER 31, 2012

	Combined Statement of Net Position	Reconciling Amount		Financial Data Schedule
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	$ 20,704,949	$ -		$ 20,704,949
Accounts receivable — net:				
Tenants	90,293			90,293
HUD	3,172,691			3,172,691
Other	965,879	2,429,382	a.	3,395,261
Allowance for doubtful accounts — other		(2,429,382)	a.	(2,429,382)
Notes receivable				-
Notes receivable from discretely presented component units	25,000			25,000
Investments	12,381,396			12,381,396
Investments — legally restricted	8,829,326			8,829,326
Inventory	19,323			19,323
Prepaid items and other	338,494			338,494
Total current assets	46,527,351	-		46,527,351
NONCURRENT ASSETS:				
Notes receivable from discretely presented component units	5,676,035			5,676,035
Notes receivable from related party	2,013,336			2,013,336
Capital assets:				
Land	5,881,034			5,881,034
Other property and equipment	66,400,502			66,400,502
Construction in progress	12,110,222			12,110,222
Other noncurrent assets	24,498,795			24,498,795
Total noncurrent assets	116,579,924			116,579,924
TOTAL	$ 163,107,275	$ -		$ 163,107,275
LIABILITIES				
CURRENT LIABILITIES:				
Accounts payable:				
Trade	$ 4,598,376	$ -		$ 4,598,376
HUD	140,352			140,352
Other	257,491			257,491
Accrued expenses	721,173			721,173
Deferred credits	75,726			75,726
Trust and deposit liabilities	377,456			377,456
Note payable — current	4,695,377			4,695,377
Total current liabilities	10,865,951	-		10,865,951
NONCURRENT LIABILITIES:				
Bonds payable				-
Accrued compensated absences — noncurrent portion	84,746			84,746
Other liabilities	307,255			307,255
Total noncurrent liabilities	392,001	-		392,001
Total liabilities	11,257,952	-		11,257,952
NET POSITION:				
Net investment in capital assets	79,696,375			79,696,375
Restricted	18,786,961			18,786,961
Unrestricted	53,365,987			53,365,987
Total net position	151,849,323	-		151,849,323
TOTAL	$ 163,107,275	$ -		$ 163,107,275

See notes to the financial data schedule and the reconciliation of the consolidated financial statements to the financial data schedule.

COLUMBUS METROPOLITAN HOUSING AUTHORITY

RECONCILIATION OF CONSOLIDATED FINANCIAL STATEMENTS TO THE FINANCIAL DATA SCHEDULE FOR THE YEAR ENDED DECEMBER 31, 2012

	Combined Statement of Net Position	Reconciling Amount		Financial Data Schedule
OPERATING REVENUES:				
Rental	$ 4,330,046	$ -		$ 4,330,046
Other	7,441,009			7,441,009
Total operating revenues	11,771,055	-		11,771,055
OPERATING EXPENSES:				
Housing assistance payments	650,231,619			650,231,619
Depreciation	6,537,356			6,537,356
Administration	28,083,257			28,083,257
Tenant services	718,182			718,182
Utilities	2,152,428			2,152,428
Ordinary maintenance and operations	4,527,385			4,527,385
Protective services	486,064			486,064
General expenses	2,827,143			2,827,143
Total operating expenses	695,563,434	-		695,563,434
OPERATING LOSS	(683,792,379)	-		(683,792,379)
NONOPERATING REVENUES (EXPENSES):				
HUD grants	676,200,289			676,200,289
HUD capital grants	2,174,043			2,174,043
Interest income	138,797			138,797
Interest expense	(264,790)			(264,790)
Gain on disposal of assets	6,325			6,325
Special gain — net	4,109,243	(4,109,243)	b.	
Total nonoperating revenues	682,363,907	(4,109,243)		678,254,664
EXTRAORDINARY ITEMS — Net gain/loss		4,109,243	b.	4,109,243
CHANGE IN NET POSITION	(1,428,472)			(1,428,472)
NET POSITION — Beginning of year	155,849,460			155,849,460
ROSEWIND DEFICIT TRANSFER	(2,573,303)			(2,573,303)
OTHER EQUITY TRANSFERS	1,638			1,638
NET POSITION — End of year	$ 151,849,323	$ -		$ 151,849,323

See notes to the financial data schedule and the reconciliation of the consolidated financial statements to the financial data schedule.

1. BASIS OF PRESENTATION

The Columbus Metropolitan Housing Authority (the "Authority") is required to submit annual financial information to the U.S. Department of Housing and Urban Development (HUD), Real Estate Assessment Center (REAC). The financial data is submitted to REAC using the Financial Data Schedule (FDS) format, which is prescribed by REAC and applicable to government entities. The accompanying FDS, prepared in the form prescribed by REAC, differs from the information in the Authority's financial statements, prepared in conformity with accounting principles generally accepted in the United States of America, primarily due to classification differences. The accompanying schedule reconciles the Authority's consolidated financial statements to the FDS.

2. RECONCILIATION

The following items identify the amounts needed to reconcile the consolidated financial statements prepared in conformity with accounting principles generally accepted in the United States of America, as applicable to governmental entities, to the FDS:

a. The FDS reports the allowance for doubtful accounts as a separate line item. The consolidated financial statements reflect this allowance netted against the related receivable.

b. The FDS reports the special gain associated with the blending of the component unit Rosewood as an extraordinary item. The CFS reports this amount as a special gain.

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COLUMBUS METROPOLITAN HOUSING AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Expenditures
U.S. DEPARTMENT OF HUD:		
Direct programs:		
Low-rent public housing — PHA-owned and leased	14.850	$ 7,968,654
Public Housing Capital Fund Program	14.872	3,745,651
Subtotal — public housing		11,714,305
Direct programs:		
Section 8 Housing Assistance Payment Program:		
Housing choice vouchers	14.871	82,310,993
Shelter Care Plus	14.238	2,907,767
Special allocations	14.195	581,032,280
Supportive housing for persons with disabilities	14.181	358,066
Hope VI	14.866	3,457
Subtotal — direct programs		666,612,563
ROSS GRANT	14.877	47,464
TOTAL EXPENDITURES OF FEDERAL AWARDS		$ 678,374,332

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 *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 2012, the receipts of $350,170, $278,357, $38,940, and $242,330 were considered federal pass-through awards to 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 2012, the Authority provided $0 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-P-001-501-09 THROUGH DECEMBER 31, 2012

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

Classification	Project OH16-P-001-501-09
Operations	$ 48,000
Management improvements — soft costs	463,034
Administration	509,756
Fees and costs	426,561
Site improvements	566,424
Dwelling structures	2,229,802
Relocation costs	853,989
Total costs	$ 5,097,566

2. The distribution of costs by major cost accounts as shown on the Final Budget Summary dated November 14, 2012, for Project OH16-P-001-501-09, as submitted to HUD for approval, is in agreement with the Authority's records.

3. Funds advanced for Project OH16-S-001-09 totaled $5,097,566

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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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Columbus Metropolitan Housing Authority (the "Authority") as of and for the year ended December 31, 2012, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 28, 2013. Our report includes a reference to other auditors who audited the financial statements of Gender Road Limited Partnership, Jenkins Terrace, LLC, Worley Terrace, LLC, and Elim Manor Elderly Housing, LLC, discretely presented component units of the Authority, as described in our report on the Authority's consolidated financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Deloitte & Touche LLP

June 28, 2013

Deloitte.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited Columbus Metropolitan Housing Authority's (the "Authority") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2012. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 12-01 and 12-02. Our opinion on each major federal program is not modified with respect to these matters.

The Authority's responses to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The Authority's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Deloitte & Touche LLP

June 28, 2013

COLUMBUS METROPOLITAN HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012

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 deficiency(ies) identified?	______	Yes	X	None reported
3. Noncompliance material to consolidated financial statements noted?	______	Yes	X	No

Federal Awards

Internal control over major programs:				
4. Material weakness(es) identified?	______	Yes	X	No
5. Significant deficiency(ies) identified?	______	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 Section 510(a) of OMB Circular No. A-133	X	Yes	______	No
7. The Authority's major programs were:				

Name of Federal Program or Cluster	CFDA Number
Section 8 Housing Assistance Payment Program — Special Allocations	14.195
14.871 — Section 8 Housing Assistance Payment Program: Housing Choice Vouchers,	14.871

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

PART II — CONSOLIDATED FINANCIAL STATEMENT FINDINGS SECTION

No matters were reportable.

PART III — FEDERAL AWARDS FINDINGS SECTION

12-01 Eligibility Requirements: Maintenance of Housing Assistant Payment Contract

Grantor — U.S. Department of Housing and Urban Development (HUD)

CFDA Number — 14.871 - Section 8 Housing Assistance Payment Program: Housing choice vouchers, funding year 2012

Criteria — A-133 Compliance matters related to CFDA Number 14.871 require that the Authority determine income eligibility for all applicants to the program. The Authority is required to calculate the tenant's rent payment using the documentation from third party verification in accordance with 24 CFR part 5 subpart F (24 CFR section 5.601 et seq.) (24 CFR sections 982.201, 982.515, and 982.516).

Finding — For 1 of the 40 tenants selected for the eligibility compliance criteria, the Housing Assistant Payment (HAP) contract was not signed by the landlord. The contract was then signed subsequent to audit testing.

Effect — Not all documentation used to assess eligibility requirements was maintained by the Authority.

Questioned Cost — N/A

Recommendation — The Columbus Metropolitan Housing Authority should implement a procedure to require an independent check of all documentation related to eligibility requirements.

Views of Responsible Officials — Landlords review leases and sign the HAP contract during their appointment with a Housing Advisor in the HCV Contracting department. Once signed, the contract is processed for payment on CMHA's computer system. The Contracting Supervisor quality controls each of the move-in files and initials and dates the contract. Management will continue with this practice and will begin spot checking the files that have been reviewed by the Contracting Supervisor.

12-02 Eligibility Requirements: Maintenance of Housing Assistant Payment Contract

Grantor — U.S. Department of Housing and Urban Development (HUD)

CFDA Number — 14.871 - Section 8 Housing Assistance Payment Program: Housing choice vouchers, funding year 2012

Criteria — The Authority must have written policies in its HCVP administrative plan for selecting applicants from the waiting list and PHA documentation must show that the PHA follows these policies when selecting applicants for admission from the waiting list. Except as provided in 24 CFR section 982.203 (Special admission (non-waiting list)), all families admitted to the program must be selected from the waiting list.

Finding — For two individuals on the waitlist out of 47 tested, the individual's name was stated more than once on the waitlist. Additionally, there were five individuals on the waitlist whose priority was incorrectly assigned based on the Authority's waitlist policy.

Effect — The schedule used to assess the waitlist of participants is not accurate.

Questioned Cost — N/A

Recommendation — The Columbus Metropolitan Housing Authority should implement a procedure to independently review the waitlist and point assignments given to participants on the waitlist.

Views of Responsible Officials — Management will develop a quality control review procedure to eliminate duplicate names and to select a sample of waitlisted applicants to ensure that applicants are awarded correct preference points.

PART IV — SUMMARY OF PRIOR AUDIT FINDINGS

Number	Finding	Status	Contact
11-01	Cash Disbursements Timing of Cash Disbursements	Corrected	Charles Hillman, Executive Director

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Dave Yost · 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 10, 2013

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