

Columbus Metropolitan Housing Authority

**Financial Report
with Supplemental Information
December 31, 2014**



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Columbus Metropolitan Housing Authority, Franklin County, prepared by Plante & Moran, PLLC, for the audit period January 1, 2014 through December 31, 2014. 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 11, 2015

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Columbus Metropolitan Housing Authority

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Independent Auditor's Report

To the Board of Commissioners
Columbus Metropolitan Housing Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of Columbus Metropolitan Housing Authority (the "Authority") as of and for the year ended December 31, 2014 and the related notes to the financial statements, which collectively comprise Columbus Metropolitan Housing Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Gender Road Limited Partnership, Jenkins Terrace, LLC, Worley Terrace, LLC, Elim Manor Elderly Housing, LLC, and Franklin Station, LLC, which represents 93 percent and 89 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report 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, Elim Manor Elderly Housing, LLC, and Franklin Station, LLC, is based solely on the reports of the 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 financial statements are free from material misstatement. The discretely presented component units were not audited under *Government Auditing Standards*.

To the Board of Commissioners
Columbus Metropolitan Housing Authority

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of Columbus Metropolitan Housing Authority as of December 31, 2014 and the respective changes in its financial position and its business-type activities cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as identified on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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 Columbus Metropolitan Housing Authority's basic financial statements. The financial data schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

To the Board of Commissioners
Columbus Metropolitan Housing Authority

The financial data schedules 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 financial data schedules 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 19, 2015 on our consideration of Columbus Metropolitan Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Columbus Metropolitan Housing Authority's internal control over financial reporting and compliance.

Plante & Moran, PLLC

June 19, 2015

Columbus Metropolitan Housing Authority

Management's Discussion and Analysis

As management of Columbus Metropolitan Housing Authority (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2014. This management's discussion and analysis focuses on the operations of the Authority and not its discretely presented component units. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements to obtain a full understanding of financial position. This management's discussion and analysis is presented in accordance with the requirements of Governmental Accounting Standards Board Statement No. 34 (GASB Statement No. 34).

Overview of the Financial Statements

The annual financial report consists of four parts:

- Management's discussion and analysis
- Financial statements
- Supplemental financial data schedules
- Schedule of expenditures of federal awards

Columbus Metropolitan Housing Authority is a special-purpose government agency engaged only in business-type activities. The Authority follows enterprise fund reporting; accordingly, the financial statements are presented under the full accrual basis of accounting. These financial statements are designed to be corporate-like in that all business-type programs are consolidated into one agency-wide total. Separate accounts are maintained for each program to control and manage money for particular purposes. The supplemental information section of the financial statements includes the financial data schedules, which provide net position by program and revenues, expenses, and changes in net position by program.

In accordance with Governmental Accounting Standards Board Statement No. 63 (GASB 63), 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 are presented in order of liquidity and are classified as "current" (convertible to cash within one year), "noncurrent," and "capital assets." Liabilities are classified as "current" (payable 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 borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Columbus Metropolitan Housing Authority

Management's Discussion and Analysis (Continued)

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 financial statements also include a statement of activities, which is similar to an income statement. This statement includes operating revenues, operating expenses, and nonoperating revenue and expenses. The focus of the statement of activities is the "change in net position," which is similar to net income or loss.

A statement of cash flows is included, which discloses net cash provided by, or used for, operating activities, investing activities, and capital and related financing activities. This statement also includes a reconciliation of the change in net position to net cash from operations.

The Authority's significant programs and services that are consolidated into a single enterprise fund are detailed below. For detailed revenue and balance sheet information on these, see "Supplemental Financial Data Schedules" in the back of this report.

PHA Owned Low Rental Housing (LRH). Under the Public Housing Program, the Authority rents units it owns to low-income households. This program operates under an Annual Contribution Contract with HUD. An operating subsidy is provided by HUD to enable the Authority to provide the housing at a rent that is based upon 30 percent of the tenant's adjusted gross income.

Due to the significant changes in public housing financing 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 in 2008. The Authority was confronted with an aging inventory (only five projects 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. The Authority developed a plan to demolish or sell 2,100 public housing units and submitted the plan to HUD, which was approved in 2008. Since 2008, the Authority has disposed of all 2,100 units.

Capital Grant Program. This grant provides funding to improve the physical conditions of our Low Rental Housing (discussed above) and upgrade management of operations to ensure that the properties continue to be available to service low-income families.

Columbus Metropolitan Housing Authority

Management's Discussion and Analysis (Continued)

Housing Choice Vouchers (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. This is our largest program, providing vouchers to over 12,500 families and individuals. It includes Housing Choice, Mainstream, Shelter Care Plus, and Veterans vouchers.

Assisted Housing Service Corp (AHSC). The Authority provides performance-based contract administrative services for units receiving project based Section 8 housing assistance throughout the state of Ohio and Washington D.C.

Other Business Ventures. The Authority has other business ventures that are not dependent upon HUD funding. These programs consist of eight programs that provide resources for other business activities. Seven of the programs 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.

Other HUD Programs. The Authority also currently receives funding for or has remaining funding from other Section 8 programs that have multiple-year funding but are not considered major programs, such as the ROSS Grant, Capital Stimulus, and Section 8 NC/S/R.

Partnerships in Low-income Tax Credit Housing (LIHTC). The Authority, through one of its Other Business Ventures entity, is a general partner in five tax credit entities with a total of 5,005 units that are operating as of December 31, 2014: Gender Road Limited Partnership, Jenkins Terrace LLC, Worley Terrace LLC, Elim Manor Elderly Housing LLC, and Franklin Station LLC.

In addition to these operational entities, the Authority, through the Other Business Venture entity, is a general partner in the Poindexter Place LLC entity that is under construction as of December 31, 2014. We expect construction to be completed and leasing to begin during the fourth quarter of 2015.

Major Programs for 2014 Audit. For the current period ended December 31, 2014, the major programs are Section 8 Housing Assistance Payments Program (CFDA 14.182), Shelter Plus Care (CFDA 14.238), Public Housing Capital Fund Program (CFDA 14.872), and Low Rent Public Housing program (14.850).

Columbus Metropolitan Housing Authority

Management's Discussion and Analysis (Continued)

Financial Highlights

During the year ended December 31, 2014:

- The Authority's total assets decreased by \$5,138,045 or 3.3 percent.
- Total liabilities increased by \$510,828 or 7.4 percent.
- Total revenues increased by \$4,145,708 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 \$8,865,027 due to an increase in the number of contracts being administrated by the Authority's wholly owned subsidiary, Assisted Housing Services Corporation (AHSC).

Condensed Comparative Financial Statements

The statement of net position for the year ended December 31, 2014, compared to the prior year, is as follows:

Summary Statement of Net Position

	2014	2013
Assets		
Current and other assets	\$ 73,964,196	\$ 75,381,223
Capital assets - Net of depreciation	75,863,952	79,584,970
Total Assets	\$ 149,828,148	\$ 154,966,193
Liabilities		
Current Liabilities	\$ 6,896,170	\$ 6,510,036
Long-term Liabilities	520,809	396,115
Total Liabilities	7,416,979	6,906,151
Net Position		
Net investment in capital assets	75,863,952	78,289,592
Restricted	3,889,039	9,920,056
Unrestricted	62,658,178	59,850,394
Total Net Position	142,411,169	148,060,042
Total Liabilities and Net Position	\$ 149,828,148	\$ 154,966,193

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

Columbus Metropolitan Housing Authority

Management's Discussion and Analysis (Continued)

Major Factors Affecting the Statement of Net Position

Total assets decreased by \$5.1 million largely due to the demolition and disposition of public housing units, and the increase in the allowance for bad debt.

Total liabilities increased by \$0.5 million largely due to the development fee associated with Franklin Station not yet earned, offset by the release of debt related to the Whitney Young project.

Restricted net position decreased by \$6.0 million largely due to a recapture of net restricted assets for our Housing Choice Voucher Program by HUD to now be included in HUD-held reserves for the Authority.

Operating Activities

The statement of activities presents the operating results of the Authority, as well as the nonoperating revenues and expenses. Condensed information from the Authority's statement of activities is as follows:

Summary Statement of Activities

	<u>2014</u>	<u>2013</u>
Revenues		
Revenue - Tenants	\$ 4,226,779	\$ 4,558,702
Subsidy for Housing Assistance Payments	661,459,179	653,491,287
HUD Operating grants	31,736,845	30,576,990
Other income	3,679,364	8,329,480
	<hr/>	<hr/>
Total revenues	701,102,167	696,956,459
Expenses		
Administrative and tenant services	24,582,288	28,230,635
Utilities	1,737,419	1,958,666
Maintenance and operations	6,117,792	6,085,611
Protective services	414,957	573,510
Insurance and general	4,172,834	2,215,301
Housing assistance payments	669,701,827	658,433,994
Interest expense	18,588	-
Depreciation	6,291,740	6,674,701
	<hr/>	<hr/>
Total expenses	713,037,445	704,172,418
Operating Loss	<u>\$ (11,935,278)</u>	<u>\$ (7,215,959)</u>

Columbus Metropolitan Housing Authority

Management's Discussion and Analysis (Continued)

Major Factors Affecting the Statement of Activities

Operating subsidy and grants increased due to a smaller proration amount from HUD in the Low Rental Housing program.

Subsidy for housing assistance payments increased due to the growth of the AHSC in Ohio and Washington D.C. and the increased number of funded Section 8 Housing Choice Vouchers.

Capital grants revenues increased due to the increase in funds available from HUD for capital improvements in the Low Rental Housing program.

Housing assistance payments increased due to the growth of the AHSC in Ohio and Washington D.C. and the increased number of funded Section 8 Housing Choice Vouchers.

Capital Assets

As of December 31, 2014, the Authority had \$75.9 million in capital assets as reflected in the schedule below:

Summary Schedule of Capital Assets

	December 31 2014	December 31 2013	Change In Capital Assets
Land	\$ 6,128,172	\$ 5,917,624	\$ 210,548
Buildings	187,141,092	219,093,688	(31,952,596)
Furniture and fixtures	7,529,624	7,658,033	(128,409)
Accumulated depreciation	(128,298,961)	(157,573,757)	29,274,796
Subtotal	72,499,927	75,095,588	(2,595,661)
Construction in process	3,364,025	4,489,382	(1,125,357)
Total capital assets	\$ 75,863,952	\$ 79,584,970	\$ (3,721,018)

During 2014, net capital assets decreased by \$3.7 million. The overall decrease in Buildings and related Accumulated Depreciation is related to the demolition and disposition of holdings within the Low Rental Housing program.

Columbus Metropolitan Housing Authority

Management's Discussion and Analysis (Continued)

Debt

As of December 31, 2014, the Authority has no debt outstanding compared to a total of \$1.3 million last year.

Economic Factors

Significant economic factors affecting the Authority in 2014 are as follows:

- Federal funding is at the discretion of the U.S. Department of HUD and was insufficient to cover operating costs and capital improvements for Low Rent Housing units in 2014. Funding levels are expected to decrease further in 2015.
- Our investment returns continue to decrease due to the low-interest-rate environment. We have diversified our holdings to maximize our return.
- Conversely, the low-interest-rate environment provides opportunities for pursuing the Authority's strategy of acquisition and mixed-income community development.

Columbus Metropolitan Housing Authority

Statement of Net Position December 31, 2014

	Primary Government (CMHA)	Total Discrete Component Units
Assets		
Current Assets		
Cash and cash equivalents - Unrestricted (Note 2)	\$ 13,366,220	\$ 1,583,589
Cash and cash equivalents - Restricted (Note 2 and 13)	3,889,039	2,150,901
Tenant security deposits - Restricted (Note 2)	758,350	161,458
Tenant and fraud recovery receivables	406,967	36,846
Grants receivable	7,271,057	-
Related party receivable (Note 3)	2,451,763	-
Notes receivable (Note 3)	65,488	-
Prepaid expenses	330,725	224,473
Total current assets	28,539,609	4,157,267
Noncurrent Assets		
Notes receivable (Note 3)	13,685,450	-
Investment in Joint Ventures (Note 5)	31,739,137	-
Other	-	757,980
Capital Assets (Notes 4 and 13)	75,863,952	50,204,228
Total Assets	\$ 149,828,148	\$ 55,119,475

Columbus Metropolitan Housing Authority

Statement of Net Position (Continued) December 31, 2014

	Primary Government (CMHA)	Total Discrete Component Units
Liabilities and Net Position		
Current Liabilities		
Accounts payable - Trade (Note 3)	\$ 229,462	\$ 2,925,554
Accounts payable - HUD	102,410	-
Security deposits liability	367,443	158,460
Accrued expenses and other	4,015,259	480,085
Unearned revenue	1,987,693	3,628
Notes payable - Current portion (Note 13)	-	3,549,174
Accrued interest payable	-	-
Accrued compensated absences	193,903	-
Total current liabilities	6,896,170	7,116,901
Noncurrent Liabilities		
Other noncurrent liabilities	377,055	2,273,862
Notes payable - Net of current portion (Note 13)	-	13,419,516
Accrued compensated absences	143,754	-
Total noncurrent liabilities	520,809	15,693,378
Total liabilities	7,416,979	22,810,279
Net Position		
Net investment in capital assets	75,863,952	33,235,538
Restricted for required reserves	3,889,039	2,150,901
Unrestricted	62,658,178	(3,077,243)
Total net position	142,411,169	32,309,196
Total Liabilities and Net Position	\$ 149,828,148	\$ 55,119,475

Columbus Metropolitan Housing Authority

Statement of Activities Year Ended December 31, 2014

	Primary Government (CMHA)	Total Discrete Component Units
Operating Revenue		
Revenue - Tenants	\$ 4,226,779	\$ 2,320,475
Subsidy for housing assistance payments	661,459,179	-
HUD operating grants	15,895,132	-
Contract administration fee revenue	15,841,713	-
Other income	3,679,364	65,879
Total operating revenue	701,102,167	2,386,354
Operating Expenses		
Housing assistance payments	669,701,827	-
Administration	24,279,258	1,152,688
Tenant services	303,030	-
Utilities	1,737,419	396,246
Maintenance and operations	6,117,792	890,990
Protective services	414,957	-
Insurance expense	826,580	185,986
General expense	3,346,254	62,605
Interest expense	18,588	101,075
Depreciation	6,291,740	1,801,370
Total operating expenses	713,037,445	4,590,960
Operating Loss	(11,935,278)	(2,204,606)
Nonoperating Income (Expenses)		
Gain (loss) on sales of capital asset	880,201	-
Interest income	6,883	2,316
Special gain (Note 7)	239,378	-
Total nonoperating income (expenses)	1,126,462	2,316
Loss - Before contributions	(10,808,816)	(2,202,290)
Contributions		
Capital Grants - Federal	5,159,943	-
Contributions from primary government	-	3,297,337
Member contributions	-	1,218,403
Total contributions	5,159,943	4,515,740
Change in Net Position	(5,648,873)	2,313,450
Net Position - Beginning of Year	148,060,042	29,995,746
Net Position - End of Year	\$ 142,411,169	\$ 32,309,196

Columbus Metropolitan Housing Authority

Statement of Cash Flows Year Ended December 31, 2014

	Primary Government (CMHA)
Cash flows from operating activities:	
Cash received from tenants	\$ 3,884,718
HUD operating subsidies and grants	661,459,179
Other receipts	32,322,207
Cash payments for housing assistance	(8,573,198)
Cash payments for administrative expenses	(20,596,397)
Cash payments for other operating expenses	(3,787,717)
Housing assistance payments	(669,701,827)
Net cash used in operating activities	(4,993,035)
Cash flows from investing activities:	
Proceeds from maturity of investments	1,621,727
Loss on sale of investments	(27,295)
Interest income	6,883
Advances to affiliate	(8,159,211)
Payment on notes receivable	84,308
Net cash provided by investing activities	(6,473,588)
Cash flows from capital and related financing activities:	
HUD capital grants	5,159,943
Proceeds from the sale of capital assets	880,201
Property and equipment additions	(2,185,606)
Repayment of debt obligation	(1,295,377)
Capital contributions made to investments in joint ventures	(3,297,337)
Interest paid debt obligations	(18,588)
Net cash provided by capital and related financing activities	(756,764)
Decrease in Cash and Cash Equivalents	(12,223,387)
Cash and Cash Equivalents - Beginning of year	30,236,996
Cash and Cash Equivalents - End of year	\$ 18,013,609
Cash and Cash Equivalents Reconciliation	
Cash and cash equivalents	\$ 13,366,220
Restricted cash - Current and noncurrent	3,889,039
Restricted cash - Security deposits	758,350
Total cash and cash equivalents	\$ 18,013,609

Columbus Metropolitan Housing Authority

Statement of Cash Flows (Continued) Year Ended December 31, 2014

	<u>Primary Government (CMHA)</u>
Reconciliation of Operating Income to Net Cash used in Operating Activities	
Change in net position	\$ (11,935,278)
Adjustments to reconcile:	
Depreciation	6,291,740
Provision for uncollectible notes receivable	2,013,336
Loss on disposal of fixed assets (non cash)	385,117
Interest paid on debt	18,588
Changes in operating assets and liabilities:	
(Increase) Decrease in assets:	
Accounts receivable tenants	(342,061)
Grants receivable	(4,058,402)
Other accounts receivable	956,711
Prepaid expenses and other assets	7,689
Increase (Decrease) in liabilities:	
Accounts payable	(3,513,078)
Accrued expenses and other	5,504,968
Security and other deposits	(322,365)
Net cash used in operating activities	<u><u>\$ (4,993,035)</u></u>

Columbus Metropolitan Housing Authority

Combining Balance Sheet For Discretely Presented Component Units December 31, 2014

	Gender Road Limited Partnership	Jenkins Terrace, LLC	Worley Terrace, LLC	Elim Manor Elderly Housing, LLC	Franklin Station, LLC	Poindexter Place, LLC	Total
Assets							
Current Assets							
Cash and cash equivalents	\$ 19,332	\$ 30,133	\$ 4,223	\$ 376,605	\$ 1,153,296	\$ -	\$ 1,583,589
Cash and cash equivalents - Retriected	855,194	486,372	455,240	354,095	-	-	2,150,901
Tenant security deposits	30,729	24,756	23,826	15,896	66,251	-	161,458
Accounts receivable-tenant	10,394	12,785	9,573	2,419	1,675	-	36,846
Prepaid expenses	23,671	47,467	13,453	12,227	19,447	108,208	224,473
Total current assets	939,320	601,513	506,315	761,242	1,240,669	108,208	4,157,267
Noncurrent Assets -							
Other noncurrent assets	-	41,854	99,000	302,271	143,870	170,985	757,980
Capital Assets (Note 13)	4,889,339	9,807,286	10,107,070	5,190,733	16,582,453	3,627,347	50,204,228
Total Assets	\$ 5,828,659	\$ 10,450,653	\$ 10,712,385	\$ 6,254,246	\$ 17,966,992	\$ 3,906,540	\$ 55,119,475

The Notes to Financial Statements are an
Integral Part of this Statement.

Columbus Metropolitan Housing Authority

Combining Balance Sheet For Discretely Presented Component Units (Continued) December 31, 2014

Liabilities and Net Position	Gender Road Limited Partnership	Jenkins Terrace, LLC	Worley Terrace, LLC	Elim Manor Elderly Housing, LLC	Franklin Station, LLC	Poindexter Place, LLC	Total
Current Liabilities							
Accounts payable - Trade (Note 3)	\$ 117,564	\$ 81,347	\$ 284,570	\$ 97,425	\$ 1,801,574	\$ 543,074	\$ 2,925,554
Security deposits liability	29,599	23,984	24,124	15,852	64,901		158,460
Accrued expenses	27,663	27,718	7,549	-	117,655	299,500	480,085
Unearned revenue	-	-	-	3,628	-	-	3,628
Notes payable (Note 13)	25,000	-	-	30,918	3,493,256	-	3,549,174
Total current liabilities	199,826	133,049	316,243	147,823	5,477,386	842,574	7,116,901
Noncurrent Liabilities							
Notes payable (Note 13)	6,090,082	-	-	2,522,690	4,806,744	-	13,419,516
Deferred development fee	-	-	-	699,651	1,574,211	-	2,273,862
Total noncurrent liabilities	6,090,082	-	-	3,222,341	6,380,955	-	15,693,378
Total liabilities	6,289,908	133,049	316,243	3,370,164	11,858,341	842,574	22,810,279
Net Position							
Net investment in capital assets	(1,225,743)	9,807,286	10,107,070	2,637,125	8,282,453	3,627,347	33,235,538
Restricted	855,194	486,372	455,240	354,095	-	-	2,150,901
Unrestricted	(90,700)	23,946	(166,168)	(107,138)	(2,173,802)	(563,381)	(3,077,243)
Total net position	(\$461,249)	\$10,317,604	\$10,396,142	\$2,884,082	\$6,108,651	\$3,063,966	\$32,309,196
Total Liabilities and Net Position	\$ 5,828,659	\$ 10,450,653	\$ 10,712,385	\$ 6,254,246	\$ 17,966,992	\$ 3,906,540	\$ 55,119,475

The Notes to Financial Statements are an
Integral Part of this Statement.

Columbus Metropolitan Housing Authority

Combining Statement of Activities For Discretely Presented Component Units Year Ended December 31, 2014

	Gender Road Limited Partnership	Jenkins Terrace, LLC	Worley Terrace, LLC	Elim Manor Elderly Housing, LLC	Franklin Station, LLC	Poindexter Place, LLC	Total
Operating Revenue							
Rental	\$ 530,084	\$ 476,590	\$ 432,779	\$ 445,881	\$ 435,141	\$ -	\$ 2,320,475
Other income	24,314	5,623	684	32,074	3,184	-	65,879
Total operating revenue	554,398	482,213	433,463	477,955	438,325	-	2,386,354
Operating Expenses							
Administration	174,180	210,987	215,706	117,802	202,164	231,849	1,152,688
Tenant services	-	-	-	-	-	-	-
Utilities	100,657	85,765	93,232	30,014	86,578	-	396,246
Maintenance and operations	255,550	266,488	254,389	52,579	60,462	1,522	890,990
Protective services	-	-	-	-	-	-	-
Insurance expense	40,403	27,218	22,978	50,483	44,904	-	185,986
General expense	16,822	3,552	-	2,689	39,542	-	62,605
Interest expense	-	-	-	101,075	-	-	101,075
Depreciation	387,393	334,708	352,849	274,884	451,536	-	1,801,370
Total operating expenses	975,005	928,718	939,154	629,526	885,186	233,371	4,590,960
Operating Loss	(420,607)	(446,505)	(505,691)	(151,571)	(446,861)	(233,371)	(2,204,606)

Columbus Metropolitan Housing Authority

Combining Statement of Activities For Discretely Presented Component Units (Continued) Year Ended December 31, 2014

	Gender Road Limited Partnership	Jenkins Terrace, LLC	Worley Terrace, LLC	Elim Manor Elderly Housing, LLC	Franklin Station, LLC	Poindexter Place, LLC	Total
Nonoperating Income (Expenses)							
Interest income (expense)	\$ 946	\$ 19	\$ 949	\$ 402	\$ -	\$ -	\$ 2,316
Loss - Before Contributions	(419,661)	(446,486)	(504,742)	(151,169)	(446,861)	(233,371)	(2,202,290)
Contributions							
Contributions from primary government	-	-	-	-	-	3,297,337	3,297,337
Member contributions	-	486,372	100,000	632,031	-	-	1,218,403
Total contributions	-	486,372	100,000	632,031	-	3,297,337	4,515,740
Change in Net Position	(419,661)	39,886	(404,742)	480,862	(446,861)	3,063,966	2,313,450
Net Position - Beginning of Year	(41,588)	10,277,718	10,800,884	2,403,220	6,555,512	-	29,995,746
Net Position - End of Year	\$ (461,249)	\$ 10,317,604	\$ 10,396,142	\$ 2,884,082	\$ 6,108,651	\$ 3,063,966	\$ 32,309,196

Columbus Metropolitan Housing Authority

Notes to the Financial Statements December 31, 2014

Note I - Nature Of Business and Significant Accounting Policies

Organization and Reporting Entity - Columbus Metropolitan Housing Authority (CMHA or the "Authority") is organized under the laws of the State of Ohio for purposes of acquiring, developing, leasing, operating, and administering low-rent housing programs. The Authority owns and provides subsidy and operating support for housing units located throughout Franklin County. CMHA's assets, liabilities, net position, and changes in net position are included in its primary government fund and include all Asset Management Programs (AMPs), Central Office Cost Center (COCC), business activities, and programs of the Authority.

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. Through multiple annual contributions contracts (ACC), HUD has conveyed certain federally built housing units to the Authority for low-rent operations, making CMHA responsible for the administration of Section 8 and low-income federal programs.

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

The nucleus of the financial reporting entity as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, as amended, is the primary government. A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluation of how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability is the appointment of a voting majority plus the ability of the primary government to impose its will upon the potential component unit. These criteria were considered in determining the reporting entity. In accordance with GASB Statement No. 14, as amended, the Authority has included Gender Road Limited Partnership, Jenkins Terrace, LLC, Worley Terrace, LLC, Elim Manor Elderly Housing, LLC, Franklin Station, LLC, and Poindexter Place, LLC as discretely presented component units and The Homes at Second Avenue, LLC as a blended component unit in the accompanying financial statements. In addition, the Authority has certain special limited partnerships which do not meet the definition of a blended or discrete component unit and which are disclosed in the following sections.

Columbus Metropolitan Housing Authority

Notes to the Financial Statements December 31, 2014

Note 1 - Nature Of Business and Significant Accounting Policies (Continued)

Blended Component Units - Some component units, despite being legally separate, are so integrated with the primary government that they are in substance part of the primary government. The Authority includes the following component unit, which is controlled by the Authority and for which it is financially accountable:

Homes at Second Avenue, LLC - In May 2001, the Authority established 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.

Discretely Presented Component Units - The component unit columns in the combined financial statements include the financial data of the Authority's six discretely presented component units. The units are reported in separate columns to emphasize that they are legally separate from the Authority. These entities follow all applicable FASB standards. Since they do not follow governmental accounting for presentation purposes, certain transactions may be reflected differently in these financial statements than in the separately issued discrete component unit financial statements in order for them to conform to the presentation of the primary government.

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 generally accepted accounting principles (GAAP).

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.

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.

Columbus Metropolitan Housing Authority

Notes to the Financial Statements December 31, 2014

Note 1 - Nature Of Business and Significant Accounting Policies (Continued)

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.

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. Franklin Station, LLC's financial statements are prepared on the accrual basis of accounting in accordance with GAAP. As of December 31, 2014, the Franklin Station Development is fully occupied and operational.

Poindexter Place, LLC - Poindexter Place, LLC was formed on August 6, 2013, for the purposes of constructing, financing, leasing, operating, and administering an apartment complex of 104 qualified low-income units in Columbus, Ohio. Poindexter Place, LLC's financial statements are prepared on the accrual basis of accounting in accordance with GAAP. As of December 31, 2014, Poindexter Place, LLC did not have significant operating activity, as construction on the property continues and the property is not yet operational.

Entities Excluded from this Reporting Entity:

Waggoner Road, LLC (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 co-development of the project. The Authority accounts for Waggoner Road, LLC as an investment recorded within investment in joint ventures in the accompanying statement of net position on the primary government.

Columbus Metropolitan Housing Authority

Notes to the Financial Statements December 31, 2014

Note 1 - Nature Of Business and Significant Accounting Policies (Continued)

Avondale Woods Senior Housing Limited Partnership (Related Party) - In June 2011, the Authority entered into the Avondale Woods Senior Housing Limited Partnership. The amount invested as of December 31, 2013 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 investment recorded within investment in joint ventures in the accompanying Statement of Net Position on the primary government.

Van Buren Village, Inc. (VBVI) (Related Party) - In June 2014, the Authority, on its own behalf and acting through Metropolitan Housing Partners, Inc., an Ohio non-profit corporation ("MHP"), established a wholly owned subsidiary, Van Buren Village Inc., an Ohio for-profit corporation ("VBVI"), which is a general partner of Van Buren Village PSH, LP., an Ohio for-profit limited partnership ("VBV PSH"). The Managing General Partner of VBV PSH is VOAGO Van Buren Village, Inc., an Ohio corporation which has a .08% interest in such partnership entity. The Authority, through its affiliate VBVI, is the Project General Partner and has a .02% interest in such partnership entity. The Limited Partners of VBV PSH are OEF 5/3 Fund IV LLC and OEF Huntington Fund IV LLC, who collectively hold a 99.98% limited partnership interest in such partnership entity. The Authority and the Volunteers of America of Greater Ohio have entered into a development agreement to collaborate for co-development of a one hundred (100) unit multifamily, permanent supportive services, low-income housing tax credit development commonly known as "Van Buren Village." The Authority accounts for VBVI as an investment recorded within investment in joint ventures in the accompanying Statement of Net Position on the primary government.

Columbus Metropolitan Housing Authority

Notes to the Financial Statements December 31, 2014

Note I - Nature Of Business and Significant Accounting Policies (Continued)

Basis of Accounting and Presentation

The basic financial statements of the Authority have been prepared on the accrual basis of accounting in conformity with the generally accepted accounting principles (GAAP) of the United States for America as prescribed by the Governmental Accounting Standards Board (GASB). The Authority follows the business-type activities reporting requirements of GASB Statement No. 34, which provides a comprehensive one-line look at the Authority's financial activities. The Authority reports all of its operations as a single business activity in a single enterprise fund. The enterprise fund is a proprietary fund, which distinguishes operating revenue and expenses from nonoperating items. The operating revenue of the Authority consists primarily of rental charges to tenants, operating grants from HUD, and other operating revenue that offset operating expenses. Operating expenses include the cost of administrative, tenant services, utilities, maintenance, protective services, general operations, depreciation, and housing assistance payments.

As a proprietary fund, revenues are recorded when earned and expenses are recognized in the period the liability is incurred, regardless of the timing of related cash flows. The Authority's financial activities operate in a manner similar to private business enterprises and are financed through fees and charges assessed primarily to the user of the services. The Authority considers all grants from HUD as operating revenue, as HUD is the primary revenue source. The Authority has the following programs:

Low-Rent Housing Program - This program is used to account for the components of the Low-Rent Housing Programs subsidized by HUD. The Authority owns and operates apartments and single-family housing units. Funding is provided by tenant rent payments and HUD subsidies.

Capital Grant - 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.

Columbus Metropolitan Housing Authority

Notes to the Financial Statements December 31, 2014

Note 1 - Nature Of Business and Significant Accounting Policies (Continued)

Housing Choice Vouchers (Section 8) - Under the Section 8 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.

Other Business Ventures - This program consists of eight programs that provide resources for housing-related activities. Seven of the programs 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 remaining program provides resources for housing-related activities that would otherwise cause undue financial hardship to Low-Rent Housing Program clients.

Cash and Cash Equivalents - Cash and Cash Equivalents consist of cash on hand and all highly liquid investments purchased with an original maturity of three months or less.

Notes Receivable - Notes receivable are stated at net of allowance. Collectability is evaluated annually based on payments received and cash flow of each individual entity. If amounts are deemed to be uncollectible the Authority establishes an allowance for doubtful accounts.

Tenant Receivable - Tenant accounts receivable are stated at net rent amounts. Tenants in possession of a unit generally do not have outstanding amounts unless court action is underway. Once a tenant is evicted or voluntarily vacates a unit, collection of outstanding balances is difficult and sporadically realized. Therefore, when a tenant vacates a unit, any balance owed to the Authority is set up as uncollectable in the month the move-out occurred. As of December 31, 2014, the Authority does not have an allowance for doubtful tenant accounts.

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 non-dwelling equipment and office equipment that has a cost or fair value on the date of acquisition greater than \$1,500 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.

Columbus Metropolitan Housing Authority

Notes to the Financial Statements December 31, 2014

Note 1 - Nature Of Business and Significant Accounting Policies (Continued)

Depreciation is calculated on a straight-line method using the half-year convention over the estimated useful lives as follows:

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

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 Statement of Activities. If an indicator of impairment is identified and the decline in service utility was unexpected and significant, an impairment loss is calculated in consideration of whether the capital asset will continue to be used by the Authority. An impairment loss is generally measured by identifying the historical cost of the service utility of the capital asset that cannot be used due to the impairment event or circumstance. Impaired capital assets that will no longer be used by the Authority are reported at the lower of carrying value or fair value, or written off entirely. During 2014, no impairments were recorded.

Interest costs incurred during the period in which capital assets are being prepared for their intended use are capitalized. The Authority had no capitalized construction interest for the year ended December 31, 2014.

Work in Progress - Work in progress consists of capital projects in progress funded primarily by capital contributions and grant income.

Restricted Cash - Restricted cash represents amounts held in escrow, Section 8 funds, construction debt proceeds, tenants' escrows, other escrows, and replacement reserves. Restrictions for use in operations and approval are governed by HUD, lender requirements, or other outside parties.

Deferred Outflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods. In accordance with GAAP and GASB regulations, this outflow will be recognized in the statement of activities during the future period in which it occurs. As of December 31, 2014, the Authority has no deferred outflows of resources.

Columbus Metropolitan Housing Authority

Notes to the Financial Statements December 31, 2014

Note 1 - Nature Of Business and Significant Accounting Policies (Continued)

Compensated Absences - The Authority allows employees to accumulate earned sick leave and vacation (annual) pay. 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 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.

Unearned Revenue - Unearned revenue consists primarily of prepaid tenant rent payments recognized at year end. Amounts are recognized in the period during which the associated use of premises occurs.

Net Position - Net positions are comprised of three categories: (1) net investment in capital assets, (2) restricted, and (3) unrestricted. The Authority's positive value of unrestricted net position in the primary government may be used to meet ongoing obligations. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Authority's policy is to first apply restricted resources. Each component of net assets is reported separately on the statement of net position.

- *Net investment in capital assets* - This category consists of all capital assets, net of accumulated depreciation and reduced by any outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* - This category equals the restricted cash of the Authority and consists of net assets restricted in their use by (1) external groups such as grantors, creditors, or laws and regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- *Unrestricted* - This category includes all of the remaining net assets that do not meet the definition of the other two categories.

Revenue Recognition - The Authority routinely receives funds from HUD and other grantors. Funds are recognized as revenue during the period when they relate to recognized expenses. Receivables are recorded based upon amounts expensed for a program for which no funds have been received. Tenant rental revenues are recognized during the period of corresponding occupancy. Other receipts are recognized when the related expenses are incurred.

Columbus Metropolitan Housing Authority

Notes to the Financial Statements December 31, 2014

Note 1 - Nature Of Business and Significant Accounting Policies (Continued)

Operating Revenue and Expenses - The Authority's operation revenue includes HUD funding and other amount received from tenants for rent and other charges of services provided. Operating expenses are costs incurred during the operation of its primary housing activities. Such revenue and expense are reported when earned or incurred, respectively.

Capital Grants - The Authority records grants received for capital outlay as contributions of capital grants.

Nonoperating Revenue and Expenses - Nonoperating revenue and expense are derived from transactions other than those associated with the Authority's primary housing operations and are reported as incurred, including investment activity.

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 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 those estimates.

Upcoming Accounting Pronouncements - In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This standard significantly revises the current accounting and reporting for pensions. Employers providing defined benefit pensions to its employees must now, under these new standards, recognize their unfunded pension benefit obligation as a liability for the first time, and more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability, which will be recorded on the government-wide, proprietary, and discretely presented component units statements, will be computed differently than the current unfunded actuarial accrued liability, using specific parameters set forth by the GASB. The statement also enhances accountability and transparency through revised and expanded note disclosures and required supplementary information (RSI). The Authority is currently evaluating the impact of this standard will have on the financial statements when adopted. The provisions of this statement are effective for financial statements for the year ending December 31, 2015.

Columbus Metropolitan Housing Authority

Notes to the Financial Statements December 31, 2014

Note 1 - Nature Of Business and Significant Accounting Policies (Continued)

In June 2015, the GASB issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Statement No. 75 will require governments providing postemployment benefits other than pensions (such as retiree healthcare benefits) to recognize their unfunded pension benefit obligation as a liability on the face of the financial statements. Governments that participate in a cost-sharing OPEB plan that is administered through a trust (such as OPERS) will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan. The Statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this Statement are effective for the Authority's financial statements in the year ending December 31, 2018.

Subsequent Events - The financial statements and related disclosures include evaluation of events through and including June 19, 2015, which is the date the financial statements were available to be issued.

Note 2 - Deposits and Investments

The State of 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 checking accounts 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 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. The general depository agreement required by HUD has additional collateral requirements.

Columbus Metropolitan Housing Authority

Notes to the Financial Statements December 31, 2014

Note 2 - Deposits and Investments (Continued)

Interim Deposits 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 of Ohio treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio), and STARPLUS.

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.

The Authority's total cash and cash equivalents, consisting of both active and interim deposits, was \$18,013,608 as of December 31, 2014. Of this balance, \$2,576,596 is covered by federal depository insurance and the remaining \$15,437,012 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).

Columbus Metropolitan Housing Authority

Notes to the Financial Statements December 31, 2014

Note 2 - Deposits and Investments (Continued)

At December 31, 2014, the Authority had \$11,836,529 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 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.

Note 3 - Related Party Transactions

Included in current related party receivable are expenses paid by the Authority on behalf of the related tax credit operating partnerships totaling \$2,451,763 at December 31, 2014. Amounts are due on demand and are noninterest-bearing.

During the year ended December 31, 2014, the Authority received management fees from related tax credit operating partnerships totaling \$137,488 in accordance with the related management agreement, which are included in other income on the statement of activities.

The following table represents notes receivables at December 31, 2014:

	Loan Balance	Less Allowance	Net Loan Balance
Gender Road Limited Partnership - In August 2000, the Authority entered into a promissory note with Gender Road Limited Partnership, a component unit of the Authority, 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 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.	\$ 6,115,082	\$ 464,047	\$ 5,651,035

Columbus Metropolitan Housing Authority

Notes to the Financial Statements December 31, 2014

Note 3 - Related Party Transactions (Continued)

	Loan Balance	Less Allowance	Net Loan Balance
<p>Waggoner Senior Housing Note - In October 2002, the Authority entered into a promissory note with Waggoner Senior Housing Limited Partnership for the development of low-income housing in the amount of \$261,990. 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. This Note is collateralized by an open-end mortgage granting the Authority a security interest in certain real property of Waggoner Senior Housing Limited Partnership. The entire balance of principal and all unpaid interest shall be due and payable 40 years from the date of the Waggoner Note.</p>	\$ 261,990	\$ 261,990	\$ -
<p>Waggoner Construction Loan. In December 2002, the Authority entered into a construction loan (the "Waggoner Construction Loan") with Waggoner Senior Housing Limited Partnership for the development of low-income housing. In 2006, the construction of 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. This Loan is collateralized by an open-end mortgage granting the Authority a security interest in certain real property of Waggoner Senior Housing Limited Partnership. The entire balance of principal and all unpaid interest shall be due and payable 40 years from the date of the Waggoner Construction Loan.</p>	1,753,830	1,753,830	-
<p>Van Buren Note - In August 2014, the Authority entered into a development agreement with Van Buren Village PSH, LP for the development of low-income housing in the amount of \$285,000. The Van Buren Note agreement has no applicable interest rate and provides that payments are due on a set development schedule that ends on February 1, 2016. To date, all scheduled payments have been received.</p>	225,692	-	225,692

Columbus Metropolitan Housing Authority

Notes to the Financial Statements December 31, 2014

Note 3 - Related Party Transactions (Continued)

	Loan Balance	Less Allowance	Net Loan Balance
<p>Franklin Station - The development agreement provides that a development fee of \$1,990,615 be paid to CMHA for providing certain development services and guarantees for the completion of the development of the project. The total development fee due to CMHA is \$1,574,211 as of December 31, 2014 and is payable by available cash flow</p>	\$ 1,574,211	\$ -	\$ 1,574,211
<p>Franklin Station - The Partnership received two loans from CMHA totaling \$6,300,000 during 2012. The first bridge loan was for \$3,300,000 and accrues interest at 0.25% beginning in 2015. The maturity date is contingent on the Investor Member making required equity contributions. Those conditions had not been met at December 31, 2014. The Partnership expects these conditions to be met during the subsequent year, at which time this balance will become due. The second bridge loan was for \$3,000,000 and accrues interest at 5% beginning in 2015. The loan requires monthly payments of principal and interest with a balloon payment due February 2029. No payments have been made on the loan</p>	6,300,000	-	6,300,000
Total note receivable	\$ 16,230,805	\$ 2,479,867	\$ 13,750,938

Columbus Metropolitan Housing Authority

Notes to the Financial Statements December 31, 2014

Note 4 - Capital Assets

A summary of property, plant, and equipment by class is as follows:

<u>Primary Government</u>	<u>Balance January 1, 2014</u>	<u>Additions and Transfers In</u>	<u>Reductions and Transfers Out</u>	<u>Balance December 31, 2014</u>
Capital Assets Not Being Depreciated				
Land	\$ 5,917,624	\$ 1,065,324	\$ (854,776)	\$ 6,128,172
	4,489,382	-	(1,125,357)	3,364,025
Total nondepreciable capital assets	10,407,006	1,065,324	(1,980,133)	9,492,197
Capital Assets Being Depreciated				
Buildings	183,233,942	2,034,834	(32,147,195)	153,121,581
Buildings - Nondwelling	9,403,755	-	(595,560)	8,808,195
Site improvements	26,455,991	2,042,354	(3,287,029)	25,211,316
Furniture and fixtures	7,658,033	482,336	(610,745)	7,529,624
Total depreciable capital assets	226,751,721	4,559,524	(36,640,529)	194,670,716
Accumulated Depreciation:	<u>(157,573,757)</u>	<u>(6,291,740)</u>	<u>35,566,536</u>	<u>(128,298,961)</u>
Net Capital Assets Being Depreciated	<u>69,177,964</u>	<u>(1,732,216)</u>	<u>(1,073,993)</u>	<u>66,371,755</u>
Total Capital Assets	<u>\$ 79,584,970</u>	<u>\$ (666,892)</u>	<u>\$ (3,054,126)</u>	<u>\$ 75,863,952</u>

Depreciation Expense for the year ended December 31, 2014 was \$6,291,740.

During the year, the Authority had a sale of a building, resulting in a gain of approximately \$880,000. This amount is included in the gain on sale of capital asset on the Statement of Activities.

Outstanding commitments on construction contracts related to Poindexter Place, LLC totaled approximately \$10,500,000 at December 31, 2014. Construction is expected to be completed by December 31, 2015.

Columbus Metropolitan Housing Authority

Notes to the Financial Statements December 31, 2014

Note 5 - Investment in Partnerships - Joint Ventures

The Authority or a subsidy thereof is a general partner in each of the following operating partnerships, which were formed to acquire, rehabilitate, or construct, own, and operate low-income residential rental housing projects. The investments are recorded under the equity method as joint ventures. Some of these joint ventures are also discretely presented component units of the Authority. The investments in the Partnership at December 31, 2014 were as follows:

Partnership name:	Ownership Percentage	
Gender Road Limited Partnership*	0.100%	\$ 1,208,398
Jenkins Terrace, LLC*	0.100%	8,162,545
Worley Terrace, LLC*	0.100%	8,310,825
Elim Manor Elderly Housing, LLC*	0.049%	2,284,080
Franklin Station, LLC*	0.049%	5,880,952
Poindexter Place, LLC*	0.049%	3,297,337
Van Buren	0.020%	-
Avondale Woods Senior Housing LP	0.010%	2,595,000
Waggoner Road	0.010%	-
Total		<u>\$ 31,739,137</u>

* denotes discretely presented component unit

Unrelated investor limited partners own the remaining percent interest in each of the Partnerships.

Note 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; \$250,000 flood 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 \$178,661 in premiums to HARRG for the year ended December 31, 2014.

Columbus Metropolitan Housing Authority

Notes to the Financial Statements December 31, 2014

Note 6 - Risk Management (Continued)

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.

Note 7 - Notes Payable

During December 2014, the Authority paid off the \$300,000, \$500,000, and \$256,000 open-ended mortgages with Affordable Housing Trust, including payments of interest in the amounts of \$350, \$582, and \$298, respectively. The \$239,378 open-ended mortgage with the City of Columbus was forgiven and this amount is reflected as a special gain in the Statement of Activities. The Authority has no current or long-term debt as of December 31, 2014.

Note 8 - Pension Plans and Other Postemployment Benefits

The Authority contributes to the Public Employees' 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.

Columbus Metropolitan Housing Authority

Notes to the Financial Statements December 31, 2014

Note 8 - Pension Plans and Other Postemployment Benefits (Continued)

OPERS maintains a cost-sharing multiple employer defined benefit postemployment healthcare 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 healthcare coverage.

In order to qualify for postemployment healthcare coverage, age-and-service retirees under the Traditional Pension and Combined Plan must have 10 or more years of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The healthcare 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 Postemployment Benefits Other Than Pensions*. OPERS' eligibility requirements for post-employment healthcare coverage changed for those retiring on and after January 1, 2015. Please see the Plan Statement in the OPERS 2013 CAFR for details.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. The Authority to establish and amend the OPEB Plan is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS at 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The 2014 member contribution rates were 10% of earnable salary for members in state and local classifications. Public safety and law enforcement members contributed 12% and 13%, respectively.

The 2014 employer contribution rate for state and local employers was 14% of earnable salary. The law enforcement and public safety division employer contribution rate was 18.10% of earnable salary.

Total required employer contributions for all plans are equal to 100% of employer charges and should be extracted from the employer's records.

The Authority's expense for OPERS, representing 100% of employer contributions, was \$1,139,091, \$1,105,447.21, and \$1,241,419, for the years ended December 31, 2014, 2013, and 2012, respectively.

Columbus Metropolitan Housing Authority

Notes to the Financial Statements December 31, 2014

Note 8 - Pension Plans and Other Postemployment Benefits (Continued)

OPEB for healthcare 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 healthcare benefits.
- Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2014, state and local employers contributed at a rate of 14% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB plan.
- OPERS' Post Employment Health Care Plan was established under, and is administrated in accordance with, Internal Revenue Code (IRC) Section 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care. The portion of employer contributions allocated to health care for members in the Traditional Plan was 2% during calendar year 2014, which is approximately double the amount from 2013. Effective January 1, 2015, the portion of employer contributions allocated to health care remains 2% 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 healthcare benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.
- The portion of the Authority's 2014, 2013, and 2012 expense that was used to fund postemployment benefits was \$158,910, \$79,903, and \$354,691 respectively.

Note 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 2014.

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 financial statements, as the Authority does not hold these assets in a trustee capacity.

Columbus Metropolitan Housing Authority

Notes to the Financial Statements December 31, 2014

Note 10 - Nonexchange Financial Guarantees

General Partner Operating Deficit Guarantees - In relation to the performance of the tax credit partnerships for which the Authority is the general partner, the Authority has agreed to provide certain levels of funding in the event of partnership operating deficits that exceed operating reserves. The maximum amount required to fund the excess operating deficit ranges by partnership. The guarantees are in place until specific milestones specifically defined in the partnership agreement are met. If the Authority is required to fund a deficit under this guarantee, the advance would be structured as a loan to the partnership. These loans would be repayable, without interest, in accordance with available cash flow. As of December 31, 2014, there were no additional liabilities relating to excess operating deficits for any of the partnerships.

Note 11 - Commitments and Contingencies

The Authority received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Authority. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Authority at December 31, 2014.

Columbus Metropolitan Housing Authority

Notes to the Financial Statements December 31, 2014

Note 12 - Blended Component Unit

Condensed combining information for the Authority's blended component unit as of December 31, 2014 is presented as follows:

	Homes at Second Avenue, LLC
Assets	
Current and other assets	\$ 1,248,016
Capital assets - Net of depreciation	12,411,177
Total Assets	\$ 13,659,193
Liabilities	
Current Liabilities	\$ 444,935
Long-term Liabilities	15
Total Liabilities	444,950
Net Position	13,214,243
Total Liabilities and Net Position	\$ 13,659,193
Operating Revenue	\$ 1,010,590
Operating Expense	1,008,424
Operating Income	\$ 2,166

Note 13 - Discretely Presented Component Units

The following entities are considered discrete component units of the Authority and are presented in accordance with GASB Statement No. 61. Certain items may have changed from the separately issued audited financial statements to conform to the Authority's presentation herein. The disclosures on the discretely presented component units are deemed essential to the fair presentation of the financial entity's general purpose financial statements. The following disclosures are those that are material to the Authority and are not meant to be a full representation of each component units' financial position and required disclosures. A copy of each component units' separately issued financial statements can be obtained through the Authority. See Note 1 for details on accounting policies and the for-profit entities that are considered discretely presented component units.

Columbus Metropolitan Housing Authority

Notes to the Financial Statements December 31, 2014

Note 13 - Discretely Presented Component Units (Continued)

Each of the discrete component units was formed as limited partnerships or limited liability companies for the purpose of owning, developing, and operating affordable housing projects. The significant activity of these entities consists of residential rental operations and the primary assets are the land, building, improvement, furniture, fixtures, and equipment. Debt is primarily long term in nature and is collateralized by the property. Equity is contributed by the general partner and the investor partners.

Cash and Cash Equivalents. All of the discretely presented component units' cash is held in bank deposits, checking accounts, savings accounts, and money market accounts. Regardless of the nature of funds on deposit, protection is provided by the Federal Deposit Insurance Corporation and by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution. Of the total deposits as of December 31, 2014, \$1,635,847 is insured by the FDIC and \$2,365,637 is collateralized in full by the various financial institution holdings as listed above.

The restricted cash balances consist of tenant security deposits and multiple funded reserves as follows:

Schedule of Component Units' Restricted Cash and Cash Equivalents

Component Unit Entity	Tax Escrow Reserve	Operating Reserve	Replacement Reserve	Total Restricted Cash
Gender Road Limited Partnership	\$ 314,038	\$ 441,464	\$ 99,692	\$ 855,194
Jenkins Terrace, LLC	486,372	-	-	486,372
Worley Terrace, LLC	100,002	355,238	-	455,240
Elim Manor Elderly Housing, LLC	35,427	249,292	69,376	354,095
Total Discrete Component Units' Restricted Cash	\$ 935,839	\$ 1,045,994	\$ 169,068	\$ 2,150,901

Columbus Metropolitan Housing Authority

Notes to the Financial Statements December 31, 2014

Note 13 - Discretely Presented Component Units (Continued)

Depreciation is calculated on a straight-line method using the half-year convention over the estimated useful lives as follows by entity:

	Equipment and Vehicles	Building & Site Improvements	Buildings
Operational Entities			
Gender Road Limited Partnership	5 years	15 years	27.5 years
Jenkins Terrace, LLC	3 - 5 years	15 years	40 years
Worley Terrace, LLC	5 years	15 years	40 years
Elim Manor Elderly Housing, LLC	5 years	15 years	27.5 years
Franklin Station, LLC	5 years	15 years	40 years
Entities under Construction -			
Poindexter Place, LLC	5 years	15 years	40 years

Notes Payable. The amount of outstanding debt of the discretely presented component units as of December 31, 2014 is as follows:

Gender Road Limited Partnership - The Partnership has a \$10,000,000 open-end mortgage with the Columbus Metropolitan Housing Authority. The Partnership is required to make minimum annual payments of \$25,000 per year. The loan does not bear interest and is due on July 31, 2035. The mortgage is secured solely by the Partnership property.

\$ 6,115,082

Franklin Station - The Partnership obtained a promissory note in December 2014 for \$2,000,000 for the Affordable Housing Trust. The notes accrues interest at 2.5% per annum and does not require monthly payments. All principal and unpaid interest is due upon maturity which is December 2017. The note is secured solely by the Investor Member's interest in the Company and is guaranteed by CMHA. The Partnership was in full compliance with related covenants as of December 31, 2014.

2,000,000

Columbus Metropolitan Housing Authority

Notes to the Financial Statements December 31, 2014

Note 13 - Discretely Presented Component Units (Continued)

<p>Franklin Station - The Partnership received two loans from CMHA totaling \$6,300,000 during 2012. The first bridge loan was for \$3,300,000 and accrues interest at 0.25% beginning in 2015. The maturity date is contingent on the Investor Member making required equity contributions. Those conditions had not been met at December 31, 2014. The Partnership expects these conditions to be met during the subsequent year, at which time this balance will become due. The second bridge loan was for \$3,000,000 and accrues interest at 5% beginning in 2015. The loan requires monthly payments of principal and interest with a balloon payment due February 2029. No payments have been made on the loan</p>	\$ 6,300,000
<p>Elim Manor Elderly Housing, LLC. - The Partnership has a HUD-insured Section 231 mortgage note payable to Red Mortgage Capital, LLC, bearing interest at 3.68%, principal and interest payable in monthly installments of \$9,957 beginning April 1, 2012 through March 1, 2052j, the maturity date.</p>	2,420,608
<p>Elim Manor Elderly Housing, LLC. - The Partnership has a noninterest-bearing surplus cash note payable to Miles McClellan Construction Company. Payments are determined annually from the restricted surplus cash calculation. The balance of remaining unpaid principal, if any, shall be due and payable on December 31, 2052.</p>	50,000
<p>Elim Manor Elderly Housing, LLC. - The Partnership has a noninterest-bearing note payable to Homeport from surplus cash. No scheduled maturity date based on surplus cash restrictions.</p>	33,000
<p>Elim Manor Elderly Housing, LLC. - The Partnership has unsecured advances from Homeport. The advances are noninterest-bearing and due on demand.</p>	50,000
	<hr/>
Total mortgage payable	16,968,690
Less current portion	3,549,174
Total long-term portion	<u>\$ 13,419,516</u>

Columbus Metropolitan Housing Authority

Notes to the Financial Statements December 31, 2014

Note 13 - Discretely Presented Component Units (Continued)

	Principal	Interest	Total
2015	\$ 3,549,174	\$ 233,483	\$ 3,782,657
2016	250,331	221,995	472,326
2017	2,251,531	218,618	2,470,149
2018	252,777	215,083	467,860
2019	254,069	211,385	465,454

A summary of the changes to the capital assets of the discrete component units is as follows:

	Beginning Balance	Additions and Transfers In	Reductions and Transfers Out	End of Year Balance
Capital Assets Not Being Depreciated				
Construction in progress	\$ 10,924,768	\$ 7,623,680	\$ (14,921,101)	\$ 3,627,347
Land	-	750,000	-	750,000
Total nondepreciable capital assets	10,924,768	8,373,680	(14,921,101)	4,377,347
Capital Assets Being Depreciated				
Buildings	32,017,724	15,774,060	-	47,791,784
Site Improvements	7,390,018	-	-	7,390,018
Furniture and Fixtures	1,145,004	350,053	-	1,495,057
Total depreciable capital assets	40,552,746	16,124,113	-	56,676,859
Accumulated Depreciation	(9,335,608)	(1,514,370)		(10,849,978)
Net Capital Assets Being Depreciated	31,217,138	14,609,743	-	45,826,881
Total Capital Assets	42,141,906	22,983,423	(14,921,101)	50,204,228

Columbus Metropolitan Housing Authority

Notes to the Financial Statements December 31, 2014

Note 13 - Discretely Presented Component Units (Continued)

A summary of the capital assets of the discrete component units is as follows:

Component Unit Entity	Nondepreciable		Depreciable			Accumulated Depreciation	2014 Net Capital Assets
	Construction In Progress	Land	Buildings	Site Improvements	Furniture and Fixtures		
Operational Entities							
Gender Road Limited Partnership	\$ -	\$ -	\$ 8,861,483	\$ 513,410	\$ 110,128	\$ (4,595,682)	\$ 4,889,339
Jenkins Terrace, LLC	-	-	11,699,378	458,529	445,277	(2,795,898)	9,807,286
Worley Terrace, LLC	-	-	11,532,168	781,543	423,873	(2,630,514)	10,107,070
Elim Manor Elderly Housing, LLC	-	-	-	5,636,536	191,623	(637,426)	5,190,733
Franklin Station, LLC	-	750,000	15,698,755	-	324,156	(190,458)	16,582,453
Total capital assets in place	-	750,000	47,791,784	7,390,018	1,495,057	(10,849,978)	46,576,881
Entities under Construction -							
Poindexter Place, LLC	3,627,347	-	-	-	-	-	3,627,347
Total Discrete Component Units' Net Capital Assets	\$ 3,627,347	\$ 750,000	\$47,791,784	\$ 7,390,018	\$ 1,495,057	\$(10,849,978)	\$ 50,204,228

Supplemental Information

Columbus Metropolitan Housing Authority

Financial Data Schedules December 31, 2014

Description	Low Rent 14.850	Section 8 Hsg Choice Vouchers 14.871	Section 8 Mainstream 14.181	DHAP 97.109	Capital Grant 14.872	Other Fed Program 1 Choice Neighborhood Hope VI 14.892	Shelter Care Plus 14.238	Central Office	Other Fed Program 2 Ross Grant 14.877	Other Business Activities	AHSC 14.195	Eliminations	Total
Cash - Unrestricted	\$ 7,399,050	\$ 158,489	\$ 180,389	\$ 82,193	\$ -	\$ -	\$ 120,263	\$ 1,325,277	\$ -	\$ 2,722,276	\$ 1,378,283	\$ -	\$ 13,366,220
Cash - Other restricted	-	-	-	-	-	-	-	-	-	3,887,462	1,577	-	3,889,039
Cash - Tenant security deposits	184,317	-	-	-	-	-	-	-	-	271,857	-	-	456,174
Cash - Restricted for payment of current liability	-	302,176	-	-	-	-	-	-	-	-	-	-	302,176
Total Cash	7,583,367	460,665	180,389	82,193	-	-	120,263	1,325,277	-	6,881,595	1,379,860	-	18,013,609
Accounts receivable - PHA projects	-	176,678	-	-	-	-	-	-	-	-	-	-	176,678
Accounts receivable - HUD other projects	-	-	-	-	2,138,449	-	12,467	-	10,845	-	2,670,418	-	4,832,179
Account receivable - Miscellaneous	3,784	611,517	26,496	475	-	-	1,987,766	8,239,353	-	6,760	-	(5,353,497)	5,522,654
Accounts receivable - Tenants	202,199	-	-	-	-	-	-	-	-	28,090	-	-	230,289
Allowance for doubtful accounts - Other	-	(605,042)	(26,496)	(475)	-	-	-	(2,484)	-	-	-	2,484	(632,013)
Notes, loans, & mortgages receivable - Current	-	-	-	-	-	-	-	65,488	-	-	-	-	65,488
Fraud recovery	-	2,675,942	799	-	-	-	-	-	-	-	-	-	2,676,741
Allowance for doubtful accounts - Fraud recovery	-	(2,675,942)	(799)	-	-	-	-	-	-	-	-	-	(2,676,741)
Total receivables, net of allowance for doubtful accounts	205,983	183,153	-	-	2,138,449	-	2,000,233	8,302,357	10,845	34,850	2,670,418	(5,351,013)	10,195,275
Prepaid expenses and other assets	159,353	77,517	-	-	-	-	2,543	61,544	-	29,768	-	-	330,725
Total Current Assets	7,948,703	721,335	180,389	82,193	2,138,449	-	2,123,039	9,689,178	10,845	6,946,213	4,050,278	(5,351,013)	28,539,609
Land	75,716	785,041	-	-	-	-	-	4,958,811	-	308,605	-	-	6,128,173
Buildings	132,606,788	358,121	-	-	-	-	-	10,358,258	-	43,817,925	-	-	187,141,092
Furniture, equipment and machinery - Dwellings	1,382,395	-	-	-	-	-	-	-	-	233,738	-	-	1,616,133
Furniture, equipment and machinery - Administration	-	2,347,052	-	-	-	-	16,926	2,801,475	-	481,428	266,609	-	5,913,490
Accumulated depreciation	(98,346,613)	(2,225,317)	-	-	-	-	(16,926)	(7,864,886)	-	(19,578,609)	(266,609)	-	(128,298,960)
Construction in progress	48,748	3,681	-	-	1,062,742	240,000	-	813,637	510	1,194,706	-	-	3,364,024
Total capital assets, net of accumulated depreciation	35,767,034	1,268,578	-	-	1,062,742	240,000	-	11,067,295	510	26,457,793	-	-	75,863,952
Notes, loans, & mortgages receivable - Non-current	-	-	-	-	-	-	-	13,685,450	-	-	-	-	13,685,450
Investment in joint venture	2,695,500	-	-	-	-	-	-	29,042,884	-	753	-	-	31,739,137
Total Non-current Assets	2,695,500	-	-	-	-	-	-	42,728,334	-	753	-	-	45,424,587
Total Assets	\$ 46,411,237	\$ 1,989,913	\$ 180,389	\$ 82,193	\$ 3,201,191	\$ 240,000	\$ 2,123,039	\$ 63,484,807	\$ 11,355	\$ 33,404,759	\$ 4,050,278	\$ (5,351,013)	\$ 149,828,148

Columbus Metropolitan Housing Authority

Financial Data Schedules (Continued) December 31, 2014

Description	Low Rent	Section 8 Hsg Choice Vouhcers	Section 8 Mainstream	DHAP	Capital Grant	Other Fed Program 1 Choice Neighborhood Hope VI	Shelter Care Plus	Central Office	Other Fed Program 2 Ross Grant	Other Business Activities	AHSC	Eliminations	Total
	14.850	14.871	14.181	97.109	14.872	14.892	14.238		14.877		14.195		
Accounts payable <= 90 days	\$ 245,224	\$ 67,647	\$ -	\$ -	\$ 8,477	\$ -	\$ 2,022,622	\$ 248,129	\$ 1,952	\$ 456,591	\$ 3,953,894	\$ (3,474,603)	\$ 3,529,933
Accrued wage/payroll taxes payable	12,668	23,662	-	-	2,078	-	110	122,361	8,894	8,533	-	-	178,306
Accrued compensated absences - Current portion	52,484	55,475	-	-	-	-	2,339	83,605	-	-	-	-	193,903
Accrued contingency liability	30,860	-	-	-	-	-	-	-	-	10,524	-	-	41,384
Accounts payable - HUD PHA Programs	-	43,793	-	-	-	-	58,617	-	-	-	-	-	102,410
Accounts payable - Other government	-	-	-	-	-	-	-	-	-	101,175	-	-	101,175
Tenant security deposits	187,096	-	-	-	-	-	-	29,801	-	150,546	-	-	367,443
Deferred revenue - Other	158,684	-	-	-	-	-	-	1,799,941	-	29,068	-	-	1,987,693
Other current liabilities	13,560	40	-	-	194,758	-	-	4,692	-	93,894	-	-	306,944
Accrued liabilities - other	44,591	152	-	-	1,876,410	-	-	24,734	-	17,502	-	(1,876,410)	86,979
Total Current Liabilities	745,167	190,769	-	-	2,081,723	-	2,083,688	2,313,263	10,846	867,833	3,953,894	(5,351,013)	6,896,170
Non-current liabilities - Other	-	377,055	-	-	-	-	-	-	-	-	-	-	377,055
Accrued compensated absences - Non-current	38,793	41,003	-	-	-	-	1,729	62,229	-	-	-	-	143,754
Total Non-Current Liabilities	38,793	418,058	-	-	-	-	1,729	62,229	-	-	-	-	520,809
Total Liabilities	783,960	608,827	-	-	2,081,723	-	2,085,417	2,375,492	10,846	867,833	3,953,894	(5,351,013)	7,416,979
Invested in capital assets, net of related debt	35,767,033	1,268,578	-	-	1,062,742	240,000	-	11,067,296	510	26,457,793	-	-	75,863,952
Restricted Net Assets	-	-	-	-	-	-	-	-	-	3,887,461	1,577	-	3,889,039
Unrestricted Net Assets	9,860,243	112,508	180,389	82,193	56,726	-	37,622	50,042,019	(1)	2,191,672	94,807	-	62,658,178
Total Equity/Net Assets	45,627,277	1,381,086	180,389	82,193	1,119,468	240,000	37,622	61,109,315	509	32,536,926	96,384	-	142,411,169
Total Liabilities and Equity/Net assets	\$ 46,411,237	\$ 1,989,913	\$ 180,389	\$ 82,193	\$ 3,201,191	\$ 240,000	\$ 2,123,039	\$ 63,484,807	\$ 11,355	\$ 33,404,759	\$ 4,050,278	\$ (5,351,013)	\$ 149,828,148

Columbus Metropolitan Housing Authority

Financial Data Schedules (Continued) December 31, 2014

Description	Low Rent 14.850	Section 8 Hsg Choice Vouchers 14.871	Section 8 Mainstream 14.181	DHAP 97.109	Capital Grant 14.872	Other Fed Program 1 Choice Neighborhood Hope VI 14.892	Shelter Care Plus 14.238	Central Office	Other Fed Program 2 Ross Grant 14.877	Other Business Activities	AHSC 14.195	Eliminations	Total
Net tenant rental revenue	\$ 968,012	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,258,767	\$ -	\$ -	\$ 4,226,779
Total Tenant Revenue	968,012	-	-	-	-	-	-	-	-	3,258,767	-	-	4,226,779
Total HUD PHA operating grants	7,528,872	79,143,975	395,472	-	1,003,342	60,000	3,136,928	-	46,321	-	601,881,114	-	693,196,024
Capital grants	-	-	-	-	5,159,943	-	-	-	-	-	-	-	5,159,943
Management Fee	-	-	-	-	-	-	-	2,662,475	-	-	-	(2,572,938)	89,537
Asset Management Fee	-	-	-	-	-	-	-	174,120	-	-	-	(174,120)	-
Book-Keeping Fee	-	-	-	-	-	-	-	1,262,220	-	-	-	(1,262,220)	-
Front Line Service Fee	-	-	-	-	-	-	-	264,048	-	-	-	(221,179)	42,869
Total Fee Revenue	7,528,872	79,143,975	395,472	-	6,163,285	60,000	3,136,928	4,362,863	46,321	-	601,881,114	(4,230,457)	698,488,373
Investment income - Unrestricted	2,533	227	15	-	-	-	18	(18,878)	-	21,646	-	-	5,561
Fraud recovery	-	45,703	-	-	-	-	-	-	-	-	-	-	45,703
Other revenue	105,133	2,983,589	-	-	-	-	820	4,112,292	-	154,178	-	(3,854,757)	3,501,255
Gain or loss on sale of capital assets	880,201	-	-	-	-	-	-	-	-	-	-	-	880,201
Investment income - Restricted	5	-	-	-	-	-	-	-	-	1,317	-	-	1,322
Total Revenue	9,484,756	82,173,494	395,487	-	6,163,285	60,000	3,137,766	8,456,277	46,321	3,435,908	601,881,114	(8,085,214)	707,149,194
Administrative salaries	666,563	2,648,337	-	-	76,436	50,000	119,343	3,438,962	37,057	167,372	-	-	7,204,070
Auditing fees	16,266	198,535	-	-	-	-	11,957	19,831	-	4,390	-	-	250,979
Management Fee	668,618	1,772,436	10,668	-	-	-	77,256	-	-	184,127	15,751,218	(6,427,695)	12,036,628
Book-Keeping Fee	92,715	1,107,773	6,668	-	-	-	48,285	-	-	11,250	-	(1,262,220)	4,471
Advertising and Marketing	4,324	1,313	-	-	-	-	67	16,840	-	9,946	-	-	32,490
Employee benefit contributions - Administrative	217,257	923,085	-	-	28,842	-	50,895	1,078,871	7,447	30,717	-	-	2,337,114
Office Expenses	141,114	460,232	-	-	-	-	17,035	236,491	-	34,362	-	-	889,234
Legal Expense	(19,330)	(36,510)	-	-	-	-	976	534,394	-	5,707	-	-	485,237
Travel	2,720	1,123	-	-	-	-	-	71,353	-	-	-	-	75,196
Other	115,453	170,672	-	-	-	-	5,148	421,365	-	240,662	-	-	953,300
Total Administrative	1,905,700	7,246,996	17,336	-	105,278	50,000	330,962	5,818,107	44,504	688,533	15,751,218	(7,689,915)	24,268,719
Asset Management Fee	174,120	-	-	-	-	-	-	-	-	10,539	-	(174,120)	10,539

Columbus Metropolitan Housing Authority

Financial Data Schedules (Continued) December 31, 2014

Description	Low Rent 14.850	Section 8 Hsg Choice Vouchers 14.871	Section 8 Mainstream 14.181	DHAP 97.109	Capital Grant 14.872	Other Fed Program 1 Choice Neighborhood Hope VI 14.892	Shelter Care Plus 14.238	Central Office	Other Fed Program 2 Ross Grant 14.877	Other Business Activities	AHSC 14.195	Eliminations	Total
Tenant services - Salaries	\$ 22,526	\$ -	\$ -	\$ -	\$ (1,292)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,234
Relocation Costs	198,553	-	-	-	-	-	-	-	-	-	-	-	198,553
Employee benefit contributions - Tenant services	7,399	-	-	-	(488)	-	-	-	-	-	-	-	6,911
Tenant services - Other	44,711	-	-	-	-	-	-	31,621	-	-	-	-	76,332
Total Tenant Services	273,189	-	-	-	(1,780)	-	-	31,621	-	-	-	-	303,030
Water	866,918	9,284	-	-	-	-	-	13,130	-	103,167	-	-	992,499
Electricity	235,402	10,206	-	-	-	-	1,057	111,181	-	210,212	-	-	568,058
Gas	94,520	1,485	-	-	-	-	11	1,520	-	79,326	-	-	176,862
Total Utilities	1,196,840	20,975	-	-	-	-	1,068	125,831	-	392,705	-	-	1,737,419
Ordinary maintenance and operations - Labor	842,319	-	-	-	-	-	-	216,174	-	153,654	-	-	1,212,147
Ordinary maintenance and operations - Materials and other	471,119	44,615	-	-	-	-	102	119,460	-	163,776	-	-	799,072
Ordinary Maintenance and Operations - Contracts	2,466,112	52,588	-	-	678,725	-	149	196,383	-	524,589	-	(221,179)	3,697,367
Employee benefit contribution - Ordinary maintenance	277,041	-	-	-	-	-	-	68,169	-	63,996	-	-	409,206
Total Maintenance	4,056,591	97,203	-	-	678,725	-	251	600,186	-	906,015	-	(221,179)	6,117,792
Protective services - Labor	80,517	-	-	-	131,407	-	-	-	-	-	-	-	211,924
Protective services - Other contract costs	79,594	-	-	-	2,417	-	-	3,462	-	41,527	-	-	127,000
Employee benefit contributions - Protective services	26,448	-	-	-	49,585	-	-	-	-	-	-	-	76,033
Total Protective Services	186,559	-	-	-	183,409	-	-	3,462	-	41,527	-	-	414,957
Property insurance	195,238	8,019	-	-	-	-	483	3,239	-	69,687	-	-	276,666
Liability insurance	66,879	67,676	-	-	-	-	4,075	-	-	4,532	-	-	143,162
Workmen's compensation	44,772	80,225	-	-	10,831	-	3,630	109,915	1,085	7,575	-	-	258,033
All other insurance	14,379	22,849	-	-	-	-	22	19,521	-	1,453	90,495	-	148,719
Total Insurance Premiums	321,268	178,769	-	-	10,831	-	8,210	132,675	1,085	83,247	90,495	-	826,580
Other general expenses	879,231	68,128	-	-	-	-	-	5	-	6,290	-	-	953,654
Payments in lieu of taxes	-	-	-	-	-	-	-	-	-	73,627	-	-	73,627
Bad debt - Tenant rents	(10,022)	-	-	-	-	-	-	-	-	(867)	-	-	(10,889)
Bad debt - Other	-	-	-	-	-	-	-	1,853,858	-	476,004	-	-	2,329,862
Total Other General Expenses	869,209	68,128	-	-	-	-	-	1,853,863	-	555,054	-	-	3,346,254
Interest of Mortgage (or Bonds) Payable	-	-	-	-	-	-	-	-	-	18,588	-	-	18,588
Interest expense and Amortization cost	-	-	-	-	-	-	-	-	-	18,588	-	-	18,588
Total Operating Expenses	8,983,476	7,612,071	17,336	-	976,463	50,000	340,491	8,565,745	45,589	2,696,208	15,841,713	(8,085,214)	37,043,878
Excess Revenue Over (Under) Operating Expenses	501,280	74,561,423	378,151	-	5,186,822	10,000	2,797,275	(109,468)	732	739,700	586,039,401	-	670,105,316

Columbus Metropolitan Housing Authority

Financial Data Schedules (Continued) December 31, 2014

Description	Low Rent 14.850	Section 8 Hsg Choice Vouchers 14.871	Section 8 Mainstream 14.181	DHAP 97.109	Capital Grant 14.872	Other Fed Program 1 Choice Neighborhood Hope VI 14.892	Shelter Care Plus 14.238	Central Office	Other Fed Program 2 Ross Grant 14.877	Other Business Activities	AHSC 14.195	Eliminations	Total
Total HAP Payments	\$ -	\$ 77,775,131	\$ 355,403	\$ -	\$ -	\$ -	\$ 2,846,470	\$ -	\$ -	\$ -	\$ 586,039,398	\$ -	\$ 667,016,402
Portability In	-	2,685,425	-	-	-	-	-	-	-	-	-	-	2,685,425
Depreciation expense	3,947,077	71,408	17,303	-	-	-	46,107	598,625	-	1,611,220	-	-	6,291,740
Total Expenses	12,930,553	88,144,035	390,042	-	976,463	50,000	3,233,068	9,164,370	45,589	4,307,428	601,881,111	(8,085,214)	713,037,445
Operating transfer in	-	566,782	-	-	-	-	-	-	-	-	-	-	566,782
Operating transfer out	-	-	-	-	-	-	-	(566,782)	-	-	-	-	(566,782)
Extraordinary items, net gain/loss	-	-	-	-	-	-	-	-	-	239,378	-	-	239,378
Inter AMP Excess Cash Transfer In	3,983,989	-	-	-	-	-	-	-	-	-	-	-	3,983,989
Inter AMP Excess Cash Transfer Out	(3,983,989)	-	-	-	-	-	-	-	-	-	-	-	(3,983,989)
Transfers from Program to AMP	-	-	-	-	-	-	-	222	-	-	-	-	222
Transfers from AMP to Program	-	-	-	-	-	-	-	-	(222)	-	-	-	(222)
Total other financing sources (uses)	-	566,782	-	-	-	-	-	(566,560)	(222)	239,378	-	-	239,378
Excess of Revenue (Under) Over Expenses	\$ (3,445,797)	\$ (5,403,759)	\$ 5,445	\$ -	\$ 5,186,822	\$ 10,000	\$ (95,302)	\$ (1,274,653)	\$ 510	\$ (632,142)	\$ 3	\$ -	\$ (5,648,873)

Columbus Metropolitan Housing Authority

REAC Supplemental Information Requirement

As required by HUD for REAC reporting purposes, the Authority prepares its financial data schedules in accordance with HUD requirements in a prescribed format. The HUD prescribed format differs from the required classification of several balances under accounting principles generally accepted in the United States of America as follows: (1) depreciation expense and housing assistance payments are excluded from operating activities; (2) gain (loss) on sales of capital asset, interest income, and capital grants are included in operating activities; (3) tenant receivable and allowance for doubtful accounts are reflected separately; and (4) the blended component unit activities are presented in the “other business activities” column, which is included in total programs.

Report on Schedule of Expenditures of Federal Awards
Required by OMB Circular A-133

Independent Auditor's Report

To the Board of Commissioners
Columbus Metropolitan Housing Authority

We have audited the basic financial statements of the business-type activities and the aggregate discretely presented component units of Columbus Metropolitan Housing Authority (the "Authority") as of and for the year ended December 31, 2014 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated June 19, 2015, which contained an unmodified opinion on the basic financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited basic financial statements subsequent to June 19, 2015. We did not audit the financial statements of Gender Road Limited Partnership, Jenkins Terrace, LLC, Worley Terrace, LLC, Elim Manor Elderly Housing, LLC, and Franklin Station, LLC, which represent approximately 93 and 89 percent of the assets and revenues, respectively, of the discretely presented component units. 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 the aggregate discretely presented component units, is based on the report of the other auditors.

The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Plante & Moran, PLLC

Columbus, Ohio
June 19, 2015

Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Board of Commissioners
Columbus Metropolitan Housing Authority

We have audited, 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, the basic financial statements of the business-type activities and the aggregate discretely presented component units of Columbus Metropolitan Housing Authority (the "Authority") as of and for the year ended December 31, 2014 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 19, 2015. Our report includes a reference to other auditors who audited the financial statements of Gender Road Limited Partnership, Jenkins Terrace, LLC, Worley Terrace, LLC, Elim Manor Elderly Housing, LLC, and Franklin Station, LLC, as described in our report on Columbus Metropolitan Housing Authority's 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. The financial statements of Gender Road Limited Partnership, Jenkins Terrace, LLC, Worley Terrace, LLC, and Franklin Station, LLC were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered Columbus Metropolitan Housing 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 opinions on the basic 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 Authority'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.

To Management and the Board of Commissioners
Columbus Metropolitan Housing Authority

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Findings 2014-001, 2014-002, and 2014-003, that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Columbus Metropolitan Housing Authority's basic 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*.

Columbus Metropolitan Housing Authority's Responses to Findings

Columbus Metropolitan Housing Authority's responses to the 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 the basic financial statements and, accordingly, we express no opinion on them.

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 results of that testing, and not to provide an opinion on the effectiveness of the Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

Columbus, Ohio
June 19, 2015

Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance

Independent Auditor's Report

To the Board of Commissioners
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 U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014. Columbus Metropolitan Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Columbus Metropolitan Housing Authority's basic financial statements include the operations of Elim Manor Elderly Housing, LLC, which received \$2,734,640 in federal awards not included in the schedule during the year ended December 31, 2014. Our audit, described below, did not include the operations of Elim Manor Elderly Housing, LLC because this component unit engaged other auditors to perform an audit in accordance with compliance requirements described in the Consolidated Audit Guide for Audits of HUD Programs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Columbus Metropolitan Housing 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 Columbus Metropolitan Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

To the Board of Commissioners
Columbus Metropolitan Housing Authority

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 Columbus Metropolitan Housing Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, Columbus Metropolitan Housing 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, 2014.

Report on Internal Control Over Compliance

Management of Columbus Metropolitan Housing 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 Columbus Metropolitan Housing 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 a 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as Finding 2014-004, that we consider to be a significant deficiency.

To the Board of Commissioners
Columbus Metropolitan Housing Authority

Columbus Metropolitan Housing Authority's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. Columbus Metropolitan Housing Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Plante & Moran, PLLC

Columbus, Ohio
June 19, 2015

Columbus Metropolitan Housing Authority

Schedule of Expenditures of Federal Awards Year Ended December 31, 2014

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Federal Expenditures
U.S. Department of Housing and Urban Development:		
Low Rent Public Housing - PHA-owned and leased	14.850	\$ 7,528,874
Public Housing Capital Fund Program	14.872	6,171,761
Section 8 Housing Assistance Payment Program:		
Housing Choice Vouchers	14.871	84,787,842
Shelter Care Plus	14.238	3,136,929
Contract Administration	14.182	601,881,111
Supportive Housing for Persons With Disabilities	14.181	395,472
Choice Neighborhood Hope VI	14.892	60,000
ROSS Grant	14.877	<u>46,321</u>
Total federal assistance		<u>\$ 704,008,310</u>

Columbus Metropolitan Housing Authority

Note to Schedule of Expenditures of Federal Awards Year Ended December 31, 2014

Note - Basis of Presentation and Significant Accounting Policies

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Columbus Metropolitan Housing Authority under programs of the federal government for the year ended December 31, 2014. Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements, although the basis for determining when federal awards are expended is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. In addition, expenditures reported on the Schedule are recognized following the cost principles contained in OMB Circular A-87, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Because the Schedule presents only a selected portion of the operations of Columbus Metropolitan Housing Authority, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of Columbus Metropolitan Housing Authority.

Columbus Metropolitan Housing Authority

Schedule of Findings and Questioned Costs Year Ended December 31, 2014

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
14.850	Low Rent Public Housing - PHA-owned and leased
14.182	Section 8 Contract Administration
14.238	Shelter Care Plus
14.872	Public Housing Capital Fund

Dollar threshold used to distinguish between type A and type B programs: \$3,000,000

Auditee qualified as low-risk auditee? Yes No

Columbus Metropolitan Housing Authority

Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2014

Section II - Financial Statement Audit Findings

Reference Number	Finding
2014-001	<p>Finding Type - Significant deficiency</p> <p>Criteria - Management of the Authority is responsible for establishing and maintaining effective internal controls over cash transaction cycle, including the appropriate reconciliation of cash balances.</p> <p>Condition - We identified several instances of deficiencies in internal controls during our testing of the cash cycle which we deem to result, when viewed in the aggregate, in a significant deficiency over cash. These deficiencies include the following: a lack of timely preparation and review of reconciliations; incorrect preparation and review of one cash reconciliation for six months; seven bank accounts that were not recorded in the general ledger and were maintained by one individual, for which there was no documentation of review; and a lack of monitoring of cash positions of individual funds/entities, which resulted in one fund having a significant negative cash balance at December 31, 2014.</p> <p>Context - We subjected all cash accounts at the Authority to our year-end testing procedures, which included reviewing the bank reconciliations as of December 31, 2014.</p> <p>Cause - The deficiencies identified illustrate that the reconciliation process is not functioning properly or in an effective manner.</p> <p>Effect - Management of the Authority has not established effective internal controls over cash.</p> <p>Recommendation - We recommend that management review the cash reconciliation process in order to ensure reconciliations are being prepared timely and accurately in order to eliminate the issues stemming from a lack of timely preparation and review. Further, we recommend that management review the 48 bank accounts currently opened at the Authority and determine if they are all necessary.</p>

Columbus Metropolitan Housing Authority

Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2014

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2014-001 (Continued)	<p>Views of Responsible Officials and Planned Corrective Actions - The seven bank accounts mentioned in this finding are contained in the Temporary Housing Fund. These funds reside within the Central Office Cost Center (COCC) and are accounted for in a spreadsheet maintained by the controller. One of the bank accounts is the Temporary Housing Fund and the other six are subaccounts within the Temporary Housing Fund. These six subaccounts are defederalized funds (having originated from developer fees) which are pledged reserves owned by CMHA. These reserves are under joint control of CMHA and the Ohio Capital Corporation for Housing (OCCH). The Authority simply cannot draw upon these reserves without the concurrence of OCCH. Disbursement of funds from Temporary Housing follows the same multi-level approval process as disbursement requests for checks from other accounts. Activity within the Temporary Housing account is reported monthly to the C-suite officers and annually to the board of commissioners in the year-end and audit reports. The aforementioned practices have been employed by the Authority for over 10 years.</p> <p>Furthermore, because of the volume of funds tied up with pledged reserves (which can only be accessed by joint approval of the Authority and OCCH), the amount remaining in the Temporary Housing checkbook is the only amount subject to potential misstatement (absent collaboration within and among the staff of the two organizations that control the funds) and that amount is so low it is immaterial to the Authority's finances.</p> <p>As to the one account being represented as having a negative cash balance at December 31, 2014, management concurs this imbalance did exist due to timing of fund disbursement from HUD. On the rare occasion a shortfall occurs, the Authority's COCC has subsidized the program and anticipates doing so in the future.</p> <p>With respect to reconciliations, bank accounts are reconciled monthly on a per-bank basis and rolled up into one reconciliation with the CMHA operating account. However, management's review confirms that reconciling items and controller review were not being performed and recorded on a timely basis.</p>

Columbus Metropolitan Housing Authority

Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2014

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2014-001 (Continued)	Corrective actions include: (1) With respect to accounts associated with the Temporary Housing Fund, management has instituted process changes that incorporate this fund into the general ledger; (2) management will require monthly documentation of the account reconciliations as well as appropriate and timely documentation of recording the reconciling items; and (3) increased documentation of and monitoring of internal controls systems.

Reference Number	Finding
2014-002	<p>Finding Type - Significant deficiency</p> <p>Criteria - Management of the Authority is responsible for establishing and maintaining effective internal controls over the general ledger.</p> <p>Condition - We identified multiple instances of deficiencies in internal controls during our testing of the general ledger which we deem to result, when viewed in the aggregate, in a significant deficiency over the general ledger. These deficiencies include the following: a lack of segregation of duties over the creation of new general ledger accounts; incomplete review of invoices received after December 31, 2014 for appropriate cut-off related to accounts payable; beginning general ledger balances for property, plant, and equipment did not agree to the prior year audited financial statements; management was unable to produce support for the allowance for loans receivable on the general ledger, and in addition, does not perform an analysis of the allowance on an annual basis, which resulted in an audit entry; improper elimination of intercompany accounts receivable, accounts payable, and revenues, which resulted in a significant audit entry; investments in joint ventures are not being accounted for in accordance with the equity method.</p> <p>Context - We identified the deficiencies noted during our standard audit procedures over the general ledger and affected transaction cycles.</p> <p>Cause - These deficiencies were caused due to an overall lack of control and monitoring over the general ledger and the transaction cycles affected.</p> <p>Effect - Management of the Authority has not established effective internal controls over the general ledger.</p>

Columbus Metropolitan Housing Authority

Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2014

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2014-002 (Continued)	<p>Recommendation - We recommend that management review their current controls over the general ledger in order to identify and implement the necessary changes to ensure that controls are in place and the balances are properly recorded.</p> <p>Views of Responsible Officials and Planned Corrective Actions - CMHA will reinforce its policy that requires a two-layer review and approval process to establish new accounts. Furthermore, the growth in the chart of accounts will be managed by a thorough review of the existing accounts to eliminate unnecessary, duplicative accounts. Management will ensure the cessation of the past practice of “mass applying” account codes to every new cost center. As to allowance for loans receivable, based on past audits, it is clear that the Authority had established processes for allowances. However, these processes, along with processes related to end of year close, need to be (and will be) reinforced.</p>

Reference Number	Finding
2014-003	<p>Finding Type - Significant deficiency</p> <p>Criteria - Management of the Authority is responsible for establishing and maintaining effective internal controls over construction in progress for each project. This would include monitoring and reconciling the construction in progress balance in the general ledger to the detail supporting each project.</p> <p>Condition - During the course of our audit, we encountered difficulties in obtaining appropriate support for the approximately \$8,000,000 in construction in progress recorded on the general ledger. Once the appropriate support was received, our audit procedures resulted in significant audit entries that were required to be made by the Authority in order to record capital contributions for Poindexter Place, LLC and reduce the construction in progress on the Authority's books in accordance with the Capital Contributions Agreement. Further, audit entries were required for the discretely presented component unit of Poindexter Place, LLC.</p> <p>Context - We identified the deficiency during our standard audit procedures over the construction in progress testing of balances recorded at December 31, 2014.</p>

Columbus Metropolitan Housing Authority

Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2014

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2014-003 (Continued)	<p>Cause - These deficiencies were caused due to an overall lack of control and monitoring over the construction in progress cycle.</p> <p>Effect - Construction in progress was improperly recorded, and therefore an audit adjustment of approximately \$2.7 million was required to correct the ending balance at December 31, 2014.</p> <p>Recommendation - We recommend that management review their control over the construction in progress cycle, specifically as it relates to the monitoring of construction recorded in the general ledger compared to the detailed projects in progress. Further, it is important to reconcile the activity recorded in the general ledger and the activity recorded on the discretely presented component units.</p> <p>Views of Responsible Officials and Planned Corrective Actions - Past practice was to not book the asset to the LLC's books until HUD had approved grant expenditures and closed out the grant. Management accepts the audit adjustments proposed by the auditor and will book the assets on the LLC's books in the future, where consistent with HUD requirements.</p>

Columbus Metropolitan Housing Authority

Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2014

Section III - Federal Program Audit Findings

Reference Number	Finding
2014-004	<p>Program Name - U.S. Department of Housing and Urban Development - Direct programs - Low Rent Public Housing - PHA-owned and leased - 14.850. Repeat finding.</p> <p>Pass-through Entity - Not applicable</p> <p>Finding Type - Significant deficiency</p> <p>Criteria - In accordance with 24 CFR 960.202 through 960.206, the Public Housing Authority (PHA), the Authority must establish and adopt written policies for admission of tenants and should follow its own tenant selection policies in placing applicants on the waiting list and in selecting applicants from the waiting list to become tenants.</p> <p>Condition - The Authority maintains a policy that awards applicants a point level based on their attributes. These attributes include income level, family size, veteran status, and whether the applicant is currently receiving subsidy. Plante & Moran, PLLC noted an instance in which the applicant attributes per their application did not agree to their attributes per the waitlist software.</p> <p>Questioned Costs - N/A</p> <p>Context - For one of the 28 applicants selected, incorrect points were awarded to the individual, causing the individual to have an incorrect waitlist position. The applicant indicated he or she did not receive subsidy; however, the waitlist preferences indicated the applicant was currently receiving subsidy and thus, the applicant did not receive his or her full point potential.</p> <p>Cause and Effect - An applicant was awarded incorrect points, which affected his or her position on the waitlist.</p> <p>Recommendation - The Columbus Metropolitan Housing Authority should implement a procedure to independently review applications to verify points are awarded correctly.</p>

Columbus Metropolitan Housing Authority

Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2014

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2014-004 (Continued)	Views of Responsible Officials and Planned Corrective Actions - The Authority is committed to ensuring that quality controls are in place to adequately place all prospective tenants on our Public Housing waitlist. CMHA has put the following controls in place: A program analyst will conduct a Quality Control Assessment (QCA) monthly on the Public Housing waitlist using a sample size of 10-20 percent of the new applications for the month. The program analyst will check for the accurate assignment of preference points for each tested applicant and verify waitlist position fluctuation. Data entry errors, if any, will be corrected and electronically logged.

Columbus Metropolitan Housing Authority

Summary Schedule of Prior Audit Findings Year Ended December 31, 2014

Prior Year Finding Number	Federal Program	Original Finding Description	Status	Planned Corrective Action
13-02	U.S. Department of Housing and Urban Development - Shelter Plus Care - 14.238	For one of the nine grants ending in 2013, the Annual Progress Report was submitted 216 days following the end of the operating year. The submission was missed by the grantee and as such, was not submitted until an audit request was made for the annual submission.	Cleared	
13-03	U.S. Department of Housing and Urban Development - Shelter Plus Care - 14.238	For two of the 40 tenants selected for eligibility, recertifications and the supporting documentation were not available for testing, as the Authority was not able to locate the documentation.	Cleared	
13-04	U.S. Department of Housing and Urban Development - Low Rent Public Housing - PHA-owned and leased - 14.850	For three of the 40 applicants selected, incorrect points were awarded to the individuals, causing the individuals to have an incorrect waitlist position. Two of the three applicants were not awarded points for their income level. For one of the three tenants, points were awarded for not having current subsidy; however, the applicant stated on the application that (s)he was receiving a subsidy from another agency.	Open - Current year Finding 2014-04	See current year findings response and action plan

Columbus Metropolitan Housing Authority

Summary Schedule of Prior Audit Findings (Continued) Year Ended December 31, 2014

Prior Year Finding Number	Federal Program	Original Finding Description	Status	Planned Corrective Action
13-05	U.S. Department of Housing and Urban Development - Direct programs - Low Rent Public Housing - PHA-owned and leased - 14.850	For six of the 40 tenants selected, recertifications and supporting documentation were not completed timely (within 12 months). The noted recertifications were completed between 395 days since the prior recertification up to 548 days. One of the six tenants had recertifications that were not completed timely for fiscal year 2012 (approximately 456 days late), but the finding was discovered during the 2013 compliance audit. A recertification was completed for 2013 timely for the selected tenant, and the finding only relates to the 2012 recertification.	Cleared	

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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 24, 2015**