

# **Columbus Metropolitan Housing Authority**

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**Financial Report  
with Supplemental Information  
December 31, 2016**





# Dave Yost • Auditor of State

Board of Commissioners  
Columbus Metropolitan Housing Authority  
880 East 11th Avenue  
Columbus, Ohio 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, 2016 through December 31, 2016. Based upon this review, we have accepted this report 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

June 12, 2017

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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, 2016, 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 Jenkins Terrace, LLC, Worley Terrace, LLC, Elim Manor Elderly Housing, LLC, Franklin Station, LLC, and Poindexter Place, LLC, which represent 100 percent of the assets, net position, and revenue 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 Jenkins Terrace, LLC, Worley Terrace, LLC, Elim Manor Elderly Housing, LLC, Franklin Station, LLC, and Poindexter Place, 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*.

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.

To the Board of Commissioners  
Columbus Metropolitan Housing Authority

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, 2016, 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 and other required supplemental information, 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 schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, and 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 and the schedule of expenditures of federal awards 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 and the schedule of expenditures of federal awards 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 April 25, 2017 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*

April 25, 2017

# 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, 2016. 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 (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, as a subdivision of the State of Ohio, 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 revenue, 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 revenue, 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. Beginning in 2016, the Agency embarked on a strategy to convert the remaining public housing units to Project Base Voucher (PBV) units under HUD's Rental Assistance Demonstration (RAD) Program. We anticipate full conversion to be completed in early 2019.

**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.

**Housing Choice Vouchers (Section 8)** - Through Annual Contribution Contracts (ACC) 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 almost 13,000 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 (PBCA) services for units receiving project-based Section 8 housing assistance throughout the state of Ohio and Washington, D.C.

# **Columbus Metropolitan Housing Authority**

## **Management's Discussion and Analysis (Continued)**

**Choice Neighborhood Implementation Grant** - The Authority was awarded the 2014 Choice Neighborhood Implementation Grant. This \$29.7 million dollar grant, along with local contributions, will enable the Authority to revitalize the former Poindexter Village site. Two of the four phases of redevelopment are near completion. The entire project is projected to be completed during 2019.

**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.

**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 502 units that are operating as of December 31, 2016: Jenkins Terrace, LLC, Worley Terrace, LLC, Elim Manor Elderly Housing, LLC, Poindexter Place, LLC, and Franklin Station, LLC.

**Transition of Asset Management** - During 2015, the Authority undertook an analysis of its cost of doing business. As a result of this study, authority management determined that costs associated with managing the public housing program had escalated to levels well in excess of industry norms. The Authority further determined that its Housing Choice Voucher program (HCV) was among the leanest in the nation. Based on this study, management made two key strategic decisions. First, management developed and implemented a plan (that went into full effect on March 1, 2016) to contract for property management services for the entire public housing portfolio. Second, based on the efficiencies of the HCV program, the Authority set out on a course to convert the entire public housing program to project-based voucher (PBV) through HUD's Rental Assistance Demonstration program. This transition has already commenced and is anticipated to be completed by early 2019. Together, these decisions are projected to reduce Authority-wide operating costs by more than \$1.5 million per annum.

# **Columbus Metropolitan Housing Authority**

## **Management's Discussion and Analysis (Continued)**

**Net Pension Liability** - During 2015, the Authority adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*, which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Authority's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB Statement No. 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability. GASB Statement No. 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB Statement No. 68, the net pension liability equals the Authority's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

The GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" - that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. The GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since it received the benefit of the exchange. However, the Authority is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by state statute. A change in these caps requires action of both Houses of the general assembly and approval of the governor. Benefit provisions are also determined by state statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

# **Columbus Metropolitan Housing Authority**

## **Management's Discussion and Analysis (Continued)**

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e., sick and vacation leave), are satisfied through paid time off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the Authority. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, state statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB Statement No. 68, the Authority's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension liability not accounted for as deferred inflows/outflows.

**Major Programs for 2016 Audit** - For the current period ended December 31, 2016, the major programs are Section 8 New Construction and Substantial Rehabilitation (CFDA 14.182) and Choice Neighborhood Hope IV (14.892).

### **Financial Highlights**

During the year ended December 31, 2016:

- Total assets increased by \$38,079,233, or 23.9 percent. The increase is largely due to an increase in notes receivable on Central Office related to previous and current construction projects, the acquisition of Four Pointe MHA LLC, and increases in equity interest in joint venture related to capital grant contributions to Poindexter Place, LLC. Cash increased from the prior year by \$9.7 million. The majority of the increase is associated with CMHA receiving the January 2017 Housing Assistance Payments and Admin funding in December 2016. The expenses related to the receipt of the HAP and Admin funding will not be incurred until 2017.
- Total liabilities increased by \$24,254,163, or 144.9 percent. The increase is largely due to obtaining a mortgage for the acquisition of Four Pointe MHA LLC and a mortgage for the Whitney LLC. Additionally, there was a large increase in the net pension liability due to market volatility in 2016. Furthermore, CMHA received the January 2017 housing assistance payments of approximately \$7.1 million at the end of 2016.
- Total revenue increased by \$12,851,261 due primarily to an increase in the number of contracts being administrated by the Authority's wholly owned subsidiary, Assisted Housing Services Corporation (AHSC), Section 8 Housing Assistance Subsidy and HUD Operating Grants for CHOICE Neighborhood Initiative Implementation Grant (CNIIG).
- While the Authority saw marked decreases in the cost of operating its Public Housing units (associated with the outsourcing of the Asset Management function), total expenses increased by \$5,955,076 due primarily to an increase in Section 8 Housing Assistance payments and an overall increase in administrative expenses.

# Columbus Metropolitan Housing Authority

## Management's Discussion and Analysis (Continued)

### Condensed Comparative Financial Statements

The statement of net position for the year ended December 31, 2016, compared to the prior year, is as follows:

#### Summary Statement of Net Position

	2016	2015
<b>Assets and Deferred Outflows</b>		
Current and other assets	\$ 96,237,505	\$ 76,199,276
Capital assets - Net of depreciation	97,296,621	81,905,291
Total assets	193,534,126	158,104,567
Deferred outflows of resources	3,962,439	1,312,765
<b>Total Assets and Deferred Outflows</b>	<b>\$ 197,496,565</b>	<b>\$ 159,417,332</b>
<b>Liabilities</b>		
Current liabilities	\$ 13,317,304	\$ 8,313,880
Long-term liabilities	27,672,065	8,421,326
Total liabilities	40,989,369	16,735,206
<b>Deferred Inflows of Resources</b>	598,673	138,362
<b>Net Position</b>		
Net investment in capital assets	80,469,495	81,705,291
Restricted	5,806,686	5,322,972
Unrestricted	69,632,342	55,515,501
Total net position	155,908,523	142,543,764
<b>Total Liabilities, Deferred Inflows, and Net Position</b>	<b>\$ 197,496,565</b>	<b>\$ 159,417,332</b>

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

# Columbus Metropolitan Housing Authority

## Management's Discussion and Analysis (Continued)

### Operating Activities

The statement of activities presents the operating results of the Authority. Condensed information from the statement of activities for the year ended December 31, 2016, compared to the prior year, is as follows:

#### Summary Statement of Activities

	2016	2015
<b>Revenue</b>		
Revenue - Tenants	\$ 5,754,703	\$ 4,604,513
Subsidy for Housing Assistance Payments	685,399,025	679,020,453
HUD operating grants	42,299,396	33,519,731
Other income	5,226,314	8,683,480
Total revenue	738,679,438	725,828,177
<b>Expenses</b>		
Administrative and tenant services	30,867,530	28,211,400
Utilities	1,855,636	1,792,565
Maintenance and operations	3,786,077	5,355,683
Protective services	392,772	365,528
Insurance and general	1,779,202	1,680,365
Housing assistance payments	683,010,870	679,893,791
Interest expense	339,612	-
Depreciation	6,353,618	5,917,570
Total expenses	728,385,317	723,216,902
<b>Operating Income</b>	<b>\$ 10,294,121</b>	<b>\$ 2,611,275</b>

# Columbus Metropolitan Housing Authority

## Management's Discussion and Analysis (Continued)

### Major Factors Affecting the Statement of Activities

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.

HUD Operating Grants increased due to CNIIG funding.

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, 2016, the Authority had \$97.3 million in capital assets as reflected in the schedule below:

	2016	2015	Change In Capital Assets
Land	\$ 9,116,160	\$ 7,061,160	\$ 2,055,000
Construction in progress	5,430,399	6,715,493	(1,285,094)
Total nondepreciable capital assets	14,546,559	13,776,653	769,906
Buildings	220,745,558	199,136,865	21,608,693
Furniture and fixtures	6,062,141	7,803,585	(1,741,444)
Total depreciable assets	226,807,699	206,940,450	19,867,249
Accumulated depreciation	(144,057,637)	(138,811,812)	(5,245,825)
Net capital assets being depreciated	82,750,062	68,128,638	14,621,424
Total capital assets	<u>\$ 97,296,621</u>	<u>\$ 81,905,291</u>	<u>\$ 15,391,330</u>

### Debt

As of December 31, 2016, the Authority had \$17.1 million in outstanding debt compared to \$200,000 in the prior year. The debt increase is primarily related to the mortgage CMHA obtained for the acquisition of Four Pointe MHA LLC.

# **Columbus Metropolitan Housing Authority**

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## **Management's Discussion and Analysis (Continued)**

### **Economic Factors**

Significant economic factors affecting the Authority in 2016 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 2016. Funding levels are expected to decrease further in 2017.
- Our investment returns continue to underperform 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, 2016

	Primary Government (CMHA)	Total Discrete Component Units
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash and cash equivalents - Unrestricted (Note 3)	\$ 22,948,701	\$ 1,635,754
Cash and cash equivalents - Restricted (Notes 3 and 14)	5,317,484	4,641,885
Tenant security deposits - Restricted (Note 3)	465,792	183,306
Grants receivable	11,256,114	-
Related party receivable (Note 4)	2,235,266	-
Notes receivable - net of allowance (Note 4)	1,712,224	-
Prepaid expenses and other assets	400,411	235,092
Total current assets	44,335,992	6,696,037
<b>Noncurrent Assets</b>		
Notes receivable - net of allowance (Note 4)	18,746,130	-
Equity interest in joint ventures (Note 6)	32,788,792	-
Other assets	366,591	638,199
Total noncurrent assets	51,901,513	638,199
<b>Capital Assets (Notes 5 and 14)</b>		
Capital assets not being depreciated	14,546,559	750,000
Capital assets being depreciated	226,807,699	63,735,793
Accumulated depreciation	(144,057,637)	(9,737,981)
Total capital assets	97,296,621	54,747,812
Total assets	193,534,126	62,082,048
<b>Deferred Outflows of Resources - Pensions (Note 9)</b>		
	3,962,439	-
Total assets and deferred outflows of resources	<b>\$ 197,496,565</b>	<b>\$ 62,082,048</b>

# Columbus Metropolitan Housing Authority

## Statement of Net Position (Continued) December 31, 2016

	Primary Government (CMHA)	Total Discrete Component Units
<b>Liabilities, Deferred Inflows, and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 4,783,567	\$ 2,735,167
Security deposits liability	417,840	173,214
Unearned revenue	7,656,727	3,554
Notes payable (Notes 8 and 14)	293,312	5,502,872
Accrued compensated absences	165,858	-
Total current liabilities	13,317,304	8,414,807
<b>Noncurrent Liabilities</b>		
Other noncurrent liabilities	238,288	2,281,930
Notes payable - Net of current portion (Notes 8 and 14)	17,066,215	11,627,493
Accrued compensated absences	41,270	-
Net pension liability (Note 9)	10,326,292	-
Total noncurrent liabilities	27,672,065	13,909,423
Total liabilities	40,989,369	22,324,230
<b>Deferred Inflows of Resources - Pensions (Note 9)</b>	598,673	-
<b>Net Position</b>		
Net investment in capital assets	79,937,094	36,583,679
Restricted for required reserves	5,365,436	4,651,977
Unrestricted	70,605,993	(1,477,838)
Total net position	155,908,523	39,757,818
Total liabilities, deferred inflows, and net position	<b>\$ 197,496,565</b>	<b>\$ 62,082,048</b>

# Columbus Metropolitan Housing Authority

## Statement of Activities Year Ended December 31, 2016

	Primary Government (CMHA)	Total Discrete Component Units
<b>Operating Revenue</b>		
Revenue - Tenants	\$ 5,754,703	\$ 2,830,143
Subsidy for housing assistance payments	685,399,025	-
HUD operating grants	23,845,115	-
Contract administration fee revenue	18,454,281	-
Other income	5,226,314	113,391
Total operating revenue	738,679,438	2,943,534
<b>Operating Expenses</b>		
Housing assistance payments	683,010,870	-
Administration	30,430,281	1,698,819
Tenant services	437,249	-
Utilities	1,855,636	445,422
Maintenance and operations	3,786,077	1,336,163
Protective services	392,772	-
Insurance expense	686,718	172,335
General expense	1,092,484	131,101
Interest expense	339,612	494,995
Depreciation	6,353,618	2,087,472
Total operating expenses	728,385,317	6,366,307
<b>Operating Income (Loss)</b>	10,294,121	(3,422,773)
<b>Nonoperating (Expenses) Income</b>		
Loss on sales of capital asset	(402,035)	-
Interest income	252,660	84,485
Amortization	-	(38,973)
Total nonoperating (expenses) income	(149,375)	45,512
<b>Income (Loss) - Before contributions</b>	10,144,746	(3,377,261)
<b>Contributions</b>		
Capital grants - Federal	3,220,013	-
Member contributions	-	8,072,029
Total contributions	3,220,013	8,072,029
<b>Change in Net Position</b>	13,364,759	4,694,768
<b>Net Position - Beginning of year</b>	142,543,764	35,063,050
<b>Net Position - End of year</b>	<b>\$ 155,908,523</b>	<b>\$ 39,757,818</b>

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

# Columbus Metropolitan Housing Authority

## Statement of Cash Flows Year Ended December 31, 2016

	Primary Government (CMHA)
<b>Cash Flows from Operating Activities</b>	
Cash received from tenants	\$ 5,754,703
HUD operating subsidies and grants	680,865,899
Other receipts	49,483,097
Cash payments for housing assistance	(830,021)
Cash payments for administrative expenses	(25,786,015)
Cash payments for other operating expenses	(7,697,399)
Housing assistance payments	(683,010,870)
Net cash provided by operating activities	18,779,394
<b>Cash Flows from Investing Activities</b>	
Interest income	252,660
Advances to affiliate	(7,894,657)
Payment on notes receivable	879,539
Net cash used in investing activities	(6,762,458)
<b>Cash Flows from Capital and Related Financing Activities</b>	
HUD capital grants	3,220,013
Proceeds from the sale of capital assets	190,056
Property and equipment additions	(22,337,510)
Payments on debt	(14,692,153)
Proceeds from debt	31,851,680
Capital contributions made to investments in joint ventures	(40,535)
Net cash used in capital and related financing activities	(1,808,449)
<b>Increase in Cash and Cash Equivalents</b>	10,208,487
<b>Cash and Cash Equivalents - Beginning of year</b>	18,523,490
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 28,731,977</b>
<b>Cash and Cash Equivalents Reconciliation</b>	
Cash and cash equivalents	\$ 22,948,701
Restricted cash	5,317,484
Restricted cash - Security deposits	465,792
Total cash and cash equivalents	<b>\$ 28,731,977</b>

# Columbus Metropolitan Housing Authority

## Statement of Cash Flows (Continued) Year Ended December 31, 2016

	Primary Government (CMHA)
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating income	\$ 10,294,121
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation	6,353,618
Amortization of deferred loan costs	63,128
Changes in assets and liabilities:	
(Increase) decrease in assets:	
Grants receivable	(4,533,126)
Related party receivable	1,957,387
Prepaid expenses and other assets	(16,294)
(Decrease) increase in liabilities:	
Accounts payable and other	(714,208)
Unearned revenue	5,395,294
Security deposit liability	(20,526)
Net cash provided by operating activities	<u>\$ 18,779,394</u>

# Columbus Metropolitan Housing Authority

## Combining Statement of Net Position For Discretely Presented Component Units December 31, 2016

	Jenkins Terrace, LLC	Worley Terrace, LLC	Elim Manor Elderly Housing, LLC	Franklin Station, LLC	Poindexter Place, LLC	Total
<b>Assets</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ 127,503	\$ 22,334	\$ 155,089	\$ 1,175,051	\$ 155,777	\$ 1,635,754
Cash and cash equivalents - Restricted (Note 14)	488,319	456,230	2,829,880	699,186	168,270	4,641,885
Tenant security deposits - Restricted	26,571	23,843	15,942	72,847	44,103	183,306
Prepaid expenses and other assets	37,760	20,548	12,068	81,423	83,293	235,092
Total current assets	680,153	522,955	3,012,979	2,028,507	451,443	6,696,037
<b>Noncurrent Assets</b> - Other noncurrent assets	31,391	76,976	273,376	111,229	145,227	638,199
<b>Capital Assets</b> (Note 14)						
Capital assets not being depreciated	-	-	-	750,000	-	750,000
Capital assets being depreciated	12,596,774	12,739,296	5,828,159	16,037,266	16,534,298	63,735,793
Accumulated depreciation	(3,455,620)	(3,332,287)	(1,159,398)	(1,106,973)	(683,703)	(9,737,981)
Total capital assets	9,141,154	9,407,009	4,668,761	15,680,293	15,850,595	54,747,812
Total assets	<b>\$ 9,852,698</b>	<b>\$ 10,006,940</b>	<b>\$ 7,955,116</b>	<b>\$ 17,820,029</b>	<b>\$ 16,447,265</b>	<b>\$ 62,082,048</b>

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

# Columbus Metropolitan Housing Authority

## Combining Statement of Net Position For Discretely Presented Component Units (Continued) December 31, 2016

Liabilities and Net Position	Jenkins Terrace, LLC	Worley Terrace, LLC	Elim Manor Elderly Housing, LLC	Franklin Station, LLC	Poindexter Place, LLC	Total
<b>Current Liabilities</b>						
Accounts payable and other	\$ 263,422	\$ 535,955	\$ 52,951	\$ 207,841	\$ 1,674,998	\$ 2,735,167
Security deposits liability	24,889	24,108	15,249	67,900	41,068	173,214
Unearned revenue	-	-	467	-	3,087	3,554
Notes payable (Note 14)	-	-	53,275	5,348,703	100,894	5,502,872
Total current liabilities	288,311	560,063	121,942	5,624,444	1,820,047	8,414,807
<b>Noncurrent Liabilities</b>						
Notes payable - Net of current portion (Note 14)	-	-	4,788,340	2,864,477	3,974,676	11,627,493
Deferred development fee	-	-	542,075	873,101	866,754	2,281,930
Total noncurrent liabilities	-	-	5,330,415	3,737,578	4,841,430	13,909,423
Total liabilities	288,311	560,063	5,452,357	9,362,022	6,661,477	22,324,230
<b>Net Position</b>						
Net investment in capital assets	9,141,154	9,407,009	(3,505)	7,475,180	10,563,841	36,583,679
Restricted	490,001	455,965	2,830,573	704,133	171,305	4,651,977
Unrestricted	(66,768)	(416,097)	(324,309)	278,694	(949,358)	(1,477,838)
Total net position	9,564,387	9,446,877	2,502,759	8,458,007	9,785,788	39,757,818
Total liabilities and net position	<b>\$ 9,852,698</b>	<b>\$ 10,006,940</b>	<b>\$ 7,955,116</b>	<b>\$ 17,820,029</b>	<b>\$ 16,447,265</b>	<b>\$ 62,082,048</b>

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, 2016

	Jenkins Terrace, LLC	Worley Terrace, LLC	Elim Manor Elderly Housing, LLC	Franklin Station, LLC	Poindexter Place, LLC	Total
<b>Operating Revenue</b>						
Rental	\$ 479,596	\$ 430,499	\$ 448,749	\$ 826,435	\$ 644,864	\$ 2,830,143
Other income	25,920	16,449	2,870	58,519	9,633	113,391
Total operating revenue	505,516	446,948	451,619	884,954	654,497	2,943,534
<b>Operating Expenses</b>						
Administration	183,066	242,970	216,657	269,033	787,093	1,698,819
Utilities	67,137	95,162	28,398	149,387	105,338	445,422
Maintenance and operations	242,017	162,762	75,294	102,475	753,615	1,336,163
Insurance expense	27,315	28,964	47,305	50,621	18,130	172,335
General expense	-	-	2,289	-	128,812	131,101
Interest expense	-	-	97,972	213,510	183,513	494,995
Depreciation	331,837	352,800	260,986	458,146	683,703	2,087,472
Total operating expenses	851,372	882,658	728,901	1,243,172	2,660,204	6,366,307
<b>Operating Loss</b>	(345,856)	(435,710)	(277,282)	(358,218)	(2,005,707)	(3,422,773)

# Columbus Metropolitan Housing Authority

## Combining Statement of Activities For Discretely Presented Component Units (Continued) Year Ended December 31, 2016

	Jenkins Terrace, LLC	Worley Terrace, LLC	Elim Manor Elderly Housing, LLC	Franklin Station, LLC	Poindexter Place, LLC	Total
<b>Nonoperating Income (Expenses)</b>						
Interest income	\$ 1,953	\$ 416	\$ 81,910	\$ 154	\$ 52	\$ 84,485
Amortization	(5,232)	(6,000)	(9,114)	(8,254)	(10,373)	(38,973)
<b>Loss - Before contributions</b>	(349,135)	(441,294)	(204,486)	(366,318)	(2,016,028)	(3,377,261)
<b>Contributions - Member contributions</b>	-	-	50,000	2,638,849	5,383,180	8,072,029
<b>Change in Net Position</b>	(349,135)	(441,294)	(154,486)	2,272,531	3,367,152	4,694,768
<b>Net Position - Beginning of year</b>	9,913,522	9,888,171	2,657,245	6,185,476	6,418,636	35,063,050
<b>Net Position - End of year</b>	<u>\$ 9,564,387</u>	<u>\$ 9,446,877</u>	<u>\$ 2,502,759</u>	<u>\$ 8,458,007</u>	<u>\$ 9,785,788</u>	<u>\$ 39,757,818</u>

# **Columbus Metropolitan Housing Authority**

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## **Notes to Financial Statements December 31, 2016**

### **Note 1 - Nature of Business**

**Organization and Reporting Entity** - Columbus Metropolitan Housing Authority (CMHA or the "Authority") is organized under the laws of the State of Ohio for the purpose of acquiring, developing, leasing, operating, and administering low-rent and other housing related programs. The Authority owns and provides subsidy and operating support for housing units located throughout Franklin County. The Authority'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.

CMHA also has the authority to engage in other business activities, not necessarily related to, but supportive of the low-income housing mission. These activities cover a full range of housing and commercial development activities, as well as 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.

# Columbus Metropolitan Housing Authority

## Notes to Financial Statements December 31, 2016

### Note 1 - Nature of Business (Continued)

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 Jenkins Terrace, LLC, Worley Terrace, LLC, Elim Manor Elderly Housing, LLC, Franklin Station, LLC, and Poindexter Place, LLC as discretely presented component units, and Gender Road Limited Partnership, Homes at Second Avenue, LLC and Four Pointe MHA, LLC as blended component units 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.

**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 units, which are controlled by the Authority and for which it is financially accountable:

**Gender Road Limited Partnership** - Gender Road Limited Partnership was formed on May 23, 1997 for the purpose of acquiring, constructing, owning, and operating an apartment complex for low- and moderate-income residents of Columbus, Ohio. The Authority is the sole partner of Gender Road Limited Partnership and is responsible for the operations of Gender Road Limited Partnership. As such, the Authority has the ability to impose its will on Gender Road Limited Partnership.

**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 purpose 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.

**Four Pointe MHA, LLC** - In May 2016, the Authority established Four Pointe MHA, LLC (Four Pointe), a limited liability company under the laws of the State of Ohio, for the purpose of leasing and operating 204 units of multifamily rental housing. The Authority is the sole member of the board of Four Pointe and is responsible for the operations of Four Pointe. As such, the Authority has the ability to impose its will on Four Pointe.

# **Columbus Metropolitan Housing Authority**

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## **Notes to Financial Statements December 31, 2016**

### **Note 1 - Nature of Business (Continued)**

**Discretely Presented Component Units** - The component unit columns in the combined financial statements include the financial data of the Authority's five 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, and financial statements are prepared on the accrual basis of accounting in accordance with GAAP. 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.

**Jenkins Terrace, LLC** - Jenkins Terrace, LLC was formed on January 27, 2004 for the purpose of acquiring, developing, leasing, operating, and administering an apartment complex of 100 single-bedroom, elderly, public housing units in Columbus, Ohio.

**Worley Terrace, LLC** - Worley Terrace, LLC was formed on February 22, 2006 for the purpose of acquiring, developing, leasing, operating, and administering an apartment complex of 100 single-bedroom, elderly, public housing units in Columbus, Ohio.

**Elim Manor Elderly Housing, LLC** - Elim Manor Elderly Housing, LLC was formed on December 10, 2010 for the purpose of constructing, financing, leasing, operating, and administering an apartment complex of 63 qualified low-income units in Columbus, Ohio.

**Franklin Station, LLC** - Franklin Station, LLC was formed on September 8, 2011 for the purpose of constructing, financing, leasing, operating, and administering an apartment complex of 100 qualified low-income units in Columbus, Ohio.

**Poindexter Place, LLC** - Poindexter Place, LLC was formed on August 6, 2013 for the purpose of constructing, financing, leasing, operating, and administering an apartment complex of 104 qualified low-income units in Columbus, Ohio.

# Columbus Metropolitan Housing Authority

## Notes to Financial Statements December 31, 2016

### Note 1 - Nature of Business (Continued)

#### Entities Excluded from this Reporting Entity:

**Waggoner Road Senior Limited Partnership (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 National Church Residences, which has a 0.01 percent interest in the owner entity. The Authority is the special limited partner and will have a 0.01 percent interest in the owner entity. The limited partner is NHT Fifth Third X Tax Credit Fund LLC, which has a 99.98 percent 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 equity interest in joint ventures in the accompanying statement of net position on the primary government.

**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, 2016 was \$2,595,000. The general partner is National Church Residences of Avondale Woods Senior Housing Inc., a wholly owned subsidiary of National Church Residences, which has a 0.01 percent interest in the owner entity. The Authority is the special limited partner and has a 0.01 percent interest in the owner entity. The limited partner is NHT Avondale, LLC, which has a 99.98 percent 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 equity interest 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 nonprofit corporation (MHP), established a wholly owned subsidiary, Van Buren Village Inc., an Ohio for-profit corporation (VBVI), for the purpose of leasing, operating, and administering 100 units of multifamily, permanent supportive services for low-income housing tax credits. VBVI 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 0.08 percent interest in such partnership entity. The Authority, through its affiliate VBVI, is the project general partner and has a .02 percent interest in such partnership entity. The limited partners of VBV PSH are OEF 5/3 Fund IV LLC and OEF Huntington Fund IV LLC, which collectively hold a 99.98 percent limited partnership interest in such partnership entity. The Authority accounts for VBVI as an investment recorded within equity interest in joint ventures in the accompanying statement of net position on the primary government.

# Columbus Metropolitan Housing Authority

## Notes to Financial Statements December 31, 2016

### Note I - Nature of Business (Continued)

**Poindexter IIA, LLC (Related Party)** - Poindexter IIA, LLC (PIIA) was formed on December 16, 2014 for the purpose of acquiring, constructing, owning, financing, leasing, and operating the project property as a qualified low-income housing project. MHP Poindexter IIA, Inc., a wholly owned subsidiary of CMHA, is the administrative member with a .0051 percent interest in the owner entity. Poindexter IIA MBS Member, Inc. is the managing member with a .0049 percent interest in owner entity. Ohio Equity Fund for Housing Limited Partnership XXV is the investor member with a 99.99 percent owner interest. The Authority accounts for PIIA as an investment recorded within equity interest in joint ventures in the accompanying statement of net position on the primary government.

**Scholar House I, LLC (Related Party)** - Scholar House I, LLC was formed on August 8, 2015 for the purpose of acquiring, constructing, owning, financing, leasing, and operating the project property as a qualified low-income housing project. MHP Scholar House, Inc., a wholly owned subsidiary of CMHA, is the administrative member with a .051 percent interest in the owner entity. Columbus Scholar House, Inc. is the managing member with a .049 percent interest in owner entity. Ohio Equity Fund for Housing Limited Partnership XXV is the investor member with a 99.9 percent owner interest. The Authority accounts for Scholar House I, LLC as an investment recorded within equity interest in joint ventures in the accompanying statement of net position on the primary government.

**Poindexter IIB, LLC (Related Party)** - Poindexter IIB, LLC (PIIB) was formed on August 10, 2016 for the purpose of acquiring, constructing, owning, financing, leasing, and operating the project property as a qualified low-income housing project. MHP Poindexter IIB, Inc., a wholly owned subsidiary of CMHA, is the administrative member with a .0051 percent interest in the owner entity. Poindexter IIB MBS Member, Inc. is the managing member with a .0049 percent interest in owner entity. Ohio Equity Fund for Housing Limited Partnership XXV is the investor member with a 99.99 percent owner interest. The Authority accounts for PIIB as an investment recorded within equity interest in joint ventures in the accompanying statement of net position on the primary government.

# Columbus Metropolitan Housing Authority

## Notes to Financial Statements December 31, 2016

### Note 2 - Significant Accounting Policies

**Basis of Accounting and Presentation** - The basic financial statements of the Authority have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP) 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 offsets operating expenses. Operating expenses include the cost of administration, tenant services, utilities, maintenance, protective services, general operations, depreciation, and housing assistance payments.

As a proprietary fund, revenue is 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, with the exception of capital grants, which have been recognized within contributions on the statement of activities. 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.

**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.

# Columbus Metropolitan Housing Authority

## Notes to Financial Statements December 31, 2016

### Note 2 - Significant Accounting Policies (Continued)

**Other Business Ventures** - This program consists of nine programs that provide resources for housing-related activities. Eight of the programs are used to account for wholly owned subsidiaries of the Authority, whose goals are to provide a full spectrum of housing to Franklin County 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. Collectibility 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 uncollectible in the month the move-out occurred.

**Grants Receivable** - The Authority receives grants from federal agencies to be used for specific programs. The excess of reimbursable expenditures over cash receipts is included in grants receivable and any excess of cash receipts over reimbursable expenditures is included in unearned revenue.

**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 building, site improvements, dwelling and non-dwelling equipment, and office equipment that has a cost or fair value on the date of acquisition greater than \$5,000 and a useful life greater than one year.

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

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

# Columbus Metropolitan Housing Authority

## Notes to Financial Statements December 31, 2016

### Note 2 - Significant Accounting Policies (Continued)

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 the year ended December 31, 2016, 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, 2016.

**Construction in Progress** - Construction 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, tenants' escrows, other escrows, and replacement reserves. Restrictions for use in operations and approval are governed by HUD, lender requirements, or other outside parties.

**Pensions** - For the purpose of measuring net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from its fiduciary net position have been determined on the same basis as they are reported by the pension system. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

**Deferred Outflows and Inflows of Resources** - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the Authority, deferred outflows of resources are reported for pension, explained further in Note 9.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow until that time. For the Authority, deferred inflows of resources are reported for pension, explained further in Note 9.

# Columbus Metropolitan Housing Authority

## Notes to Financial Statements December 31, 2016

### Note 2 - 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 subsidy and 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 position is comprised of three categories: (1) net investment in capital assets, (2) restricted for required reserves, 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 for Required Reserves* - 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 revenue is recognized during the period of corresponding occupancy. Other receipts are recognized when the related expenses are incurred.

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

# Columbus Metropolitan Housing Authority

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## Notes to Financial Statements December 31, 2016

### Note 2 - Significant Accounting Policies (Continued)

**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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Upcoming Accounting Pronouncements** - 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 supplemental 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 April 25, 2017, which is the date the financial statements were available to be issued.

# Columbus Metropolitan Housing Authority

## Notes to Financial Statements December 31, 2016

### Note 3 - 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.

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 percent 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

# Columbus Metropolitan Housing Authority

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## Notes to Financial Statements December 31, 2016

### Note 3 - Deposits and Investments (Continued)

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 held with financial institutions, consisting of both active and interim deposits, was \$29,039,330 as of December 31, 2016. Of this balance, \$2,817,490 is covered by federal depository insurance and the remaining \$26,221,840 is uncollateralized as defined by the GASB (covered by collateral pools held by third-party trustees pursuant to Section 135.181 of the Ohio Revised Code in collateral pools securing all public funds on deposit with specific depository institutions, but not in the Authority's name).

At December 31, 2016, the Authority had \$9,576,405 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.

STAR Ohio is not registered with the Securities Exchange Commission as an investment company, but has adopted GASB Statement No. 79, *Accounting and Financial Reporting for Certain External Investment Pools and Pool Participants*. Investments in STAR Ohio are valued on the basis of the amortized cost valuation technique. For the year ended December 31, 2016, there were no limitations on any participant withdrawals due to redemption notice periods, liquidity feed, or redemption gates.

# Columbus Metropolitan Housing Authority

## Notes to Financial Statements December 31, 2016

### Note 4 - Related Party Transactions

**Related Party Receivables** - Included in current related party receivable are expenses paid by the Authority on behalf of the related tax credit operating partnerships totaling \$2,235,266 at December 31, 2016. Amounts are due on demand and are noninterest bearing.

**Management Fees** - During the year ended December 31, 2016, the Authority received management fees from related tax credit operating partnerships totaling \$45,147 in accordance with the related management agreement, which are included in other income on the statement of activities.

**Notes Receivable** - The following table represents notes receivables at December 31, 2016:

	Loan Balance	Less Allowance	Net Loan Balance
<b>Waggoner Senior Housing Note</b> - 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 note agreement has an annual interest rate of 4.9 percent 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	\$ 261,990	\$ 261,990	\$ -
<b>Waggoner Construction Loan</b> - In December 2002, the Authority entered into a 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 loan, in the amount of \$1,753,830, was issued to Waggoner Senior Housing Limited Partnership. The loan has an annual interest rate of 0.5 percent 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	1,753,830	1,753,830	-
<b>Van Buren Development Note</b> - 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 note agreement has no applicable interest rate and provides that payments are due on a set development schedule. Final payment is expected to be received during the year ended December 31, 2017	225,692	-	225,692

# Columbus Metropolitan Housing Authority

## Notes to Financial Statements December 31, 2016

### Note 4 - Related Party Transactions (Continued)

	Loan Balance	Less Allowance	Net Loan Balance
<p><b>Franklin Station Development Note</b> - In February 2012, the Authority entered into a development agreement with Franklin Station, LLC, which provides that a development fee of \$1,990,615 be paid to the Authority for providing certain development services and guarantees for the completion of the development of the project. The agreement has no applicable interest rate and provides that payments be made by available cash flow. The outstanding balance is due in June 2026. The Authority received payments totaling \$701,110 during the year ended December 31, 2016</p>	\$ 873,101	\$ -	\$ 873,101
<p><b>Franklin Station Bridge Loans</b> - In February 2012, the Authority entered into two bridge loans with Franklin Station, LLC totaling \$6,300,000. The first bridge loan is for \$3,300,000 and accrues interest at 0.25 percent. The maturity date is contingent on the investor member of Franklin Station, LLC making required equity contributions. The second bridge loan is for \$3,000,000 and accrues interest at 5 percent. The loan requires monthly payments of principal and interest with a balloon payment due in January 2030. Payments totaling \$46,332 were made on the note during the year ended December 31, 2016. The outstanding balance on the note at December 31, 2016 totaled \$2,913,180</p>	6,213,180	-	6,213,180
<p><b>Poindexter Place Promissory Note</b> - In 2015, the Authority entered into a promissory note with Poindexter Place, LLC in the amount of \$825,570. Interest is assessed at 0.25 percent. The first monthly payment shall be due three months after the end of the first fiscal year that occurs after the project is placed in service, and will continue for 30 years from the initial disbursement of funds. Annual repayments shall be due on the anniversary of the first payment and is limited to 75 percent annual cash flow of the project for the preceding calendar year. No payments have yet been received on the loan</p>	825,570	-	825,570
<p><b>Poindexter Place Development Note</b> - In August 2014, the Authority entered into a development agreement with Poindexter Place, LLC, which provides that a development fee of \$1,000,000, all of which has been earned by the Authority by the year ended December 31, 2015, be paid to the Authority for providing certain development services and guarantees for the completion of the development of the project. The agreement has no applicable interest rate and provides that payments be made in conjunction with capital contributions as stated in the agreement. Any unpaid portion shall represent the deferred portion of the developer fee. No payments were made on developer fees during the year ended December 31, 2016. The Authority expects to receive payments in conjunction with capital contributions of \$243,421 during the year ended December 31, 2017. The remaining balance due represents the deferred portion of \$623,333, and is payable in full in December 2027</p>	866,754	-	866,754

# Columbus Metropolitan Housing Authority

## Notes to Financial Statements December 31, 2016

### Note 4 - Related Party Transactions (Continued)

	Loan Balance	Less Allowance	Net Loan Balance
<b><i>Elim Manor Development Note</i></b> - In May 2014, the Authority entered into a development fee note agreement which provides that a development fee of \$580,492 be paid to the Authority for providing certain development services and guarantees for the completion of the development of the project. There is no interest on the note. The note is payable by available cash flow with any outstanding principal and interest being due upon maturity in November 2022. The Authority received payments totaling \$62,469 during the year ended December 31, 2016 and issued additional advances of \$119,159	\$ 537,182	\$ -	\$ 537,182
<b><i>Poindexter IIA Choice Promissory Note</i></b> - In December 2015, the Authority entered into a promissory note with Poindexter IIA, LLC in the amount of \$7,184,402. During the year ended December 31, 2016, the remaining funds totaling \$6,256,902 were advanced by the Authority. Interest is assessed at 0.25 percent. The note is payable by available cash flow with any outstanding principal and interest being due upon maturity in December 2052	7,184,402	-	7,184,402
<b><i>Poindexter IIA City Funds Promissory Note</i></b> - In December 2015, the Authority entered into a promissory note with Poindexter IIA, LLC in the amount of \$6,000,000. No funds were advanced by the Authority during the year ended December 31, 2016. Interest is assessed at 0.25 percent. The note is payable by available cash flow with any outstanding principal and interest being due upon maturity in December 2052	1,800,000	-	1,800,000
<b><i>Poindexter IIB Choice Neighborhoods Initiative Funds</i></b> - In August 2016, the Authority entered into a loan agreement with Poindexter IIB, LLC to provide funds for operations up to a total amount of \$3,596,774, of which \$1,400,768 has been drawn on as of December 31, 2016. Interest is assessed at 0.25 percent. The loan is payable by available cash flow with any outstanding principal and interest being due upon maturity in July 2063	1,400,768	-	1,400,768
<b><i>Poindexter IIB Replacement Housing Factor Funds</i></b> - In August 2016, the Authority entered into a loan agreement with Poindexter IIB, LLC to provide funds for operations up to a total amount of \$3,400,000, of which \$531,705 has been drawn on as of December 31, 2016. Interest is assessed at 0.25 percent. The loan is payable by available cash flow with any outstanding principal and interest being due upon maturity in July 2063	531,705	-	531,705
Total note receivable	<u>\$ 22,474,174</u>	<u>\$ 2,015,820</u>	20,458,354
Less current portion			<u>1,712,224</u>
Total long-term portion			<u>\$ 18,746,130</u>

# Columbus Metropolitan Housing Authority

## Notes to Financial Statements December 31, 2016

### Note 5 - Capital Assets

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

<u>Primary Government</u>	<u>Balance January 1, 2016</u>	<u>Additions and Transfers in</u>	<u>Reductions and Transfers out</u>	<u>Balance December 31, 2016</u>
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 7,061,160	\$ 2,055,000	\$ -	\$ 9,116,160
Construction in progress	6,715,493	4,281,351	(5,566,445)	5,430,399
Total nondepreciable capital assets	13,776,653	6,336,351	(5,566,445)	14,546,559
<b>Capital Assets Being Depreciated</b>				
Buildings	162,776,363	19,861,553	-	182,637,916
Buildings - Non-dwelling	9,378,686	8,490	(297,483)	9,089,693
Site improvements	26,981,816	2,036,133	-	29,017,949
Furniture and fixtures	7,803,585	59,532	(1,800,976)	6,062,141
Total depreciable capital assets	206,940,450	21,965,708	(2,098,459)	226,807,699
<b>Accumulated Depreciation</b>	<u>(138,811,812)</u>	<u>(6,353,618)</u>	<u>1,107,793</u>	<u>(144,057,637)</u>
<b>Net Capital Assets Being Depreciated</b>	<u>68,128,638</u>	<u>15,612,090</u>	<u>(990,666)</u>	<u>82,750,062</u>
<b>Total Capital Assets</b>	<u>\$ 81,905,291</u>	<u>\$ 21,948,441</u>	<u>\$ (6,557,111)</u>	<u>\$ 97,296,621</u>

Depreciation expense for the year ended December 31, 2016 was \$6,353,618. During the year ended December 31, 2016, the Authority had a sale of equipment, resulting in a loss of \$402,035.

# Columbus Metropolitan Housing Authority

## Notes to Financial Statements December 31, 2016

### Note 6 - Equity Interest in 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, 2016 were as follows:

<u>Partnership name</u>	<u>Ownership Percentage</u>	<u>Investment Balance December 31, 2016</u>
Jenkins Terrace, LLC*	0.1000%	\$ 8,158,930
Worley Terrace, LLC*	0.1000%	8,305,698
Elim Manor Elderly Housing, LLC*	0.0490%	2,333,144
Franklin Station, LLC*	0.0490%	5,880,445
Poindexter Place, LLC*	0.0490%	5,325,592
Van Buren Village PSH, LP	0.0200%	190,000
Avondale Woods Senior Housing LP	0.0100%	2,594,783
Waggoner Road	0.0100%	-
Poindexter IIA, LLC	0.0051%	100
Poindexter IIB, LLC	0.0051%	100
Scholar House I, LLC	0.0510%	-
Total		<u>\$ 32,788,792</u>

\* Denotes discretely presented component unit

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

### Note 7 - 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; and \$100,000 coverage for mold or other fungus, with a \$25,000 deductible. The Authority paid \$147,369 in premiums to HARRG for the year ended December 31, 2016.

# Columbus Metropolitan Housing Authority

## Notes to Financial Statements December 31, 2016

### Note 7 - 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 8 - Long-term Debt

A summary of long-term debt at December 31, 2016 is as follows:

	2015	Additions	Payments	2016
<b>Four Pointe Perm Loan</b> - On November 16, 2016 the Authority entered into a mortgage loan for \$14,680,000 bearing interest at a fixed rate of 3.99 percent and is secured by the mortgaged property. The loan requires monthly payments of principal and interest of \$70,000 through November 2026. A balloon payment of approximately \$11,726,000 will be due on December 1, 2026. The Authority was in full compliance with related covenants as of December 31, 2016. The Authority made no payments on the loan during the year ended December 31, 2016	\$ -	\$ 14,680,000	\$ -	\$ 14,680,000
<b>Four Pointe Bridge Loan</b> - On August 4, 2016 the Authority entered into a bridge loan for \$14,671,680 bearing interest at LIBOR plus 3 percent and secured by the mortgaged property. The loan had an original maturity of May 3, 2017; however, the loan was paid off in November 2016 when the perm loan was closed	-	14,671,680	(14,671,680)	-
<b>Whitney - Note Payable</b> - On May 16, 2016 the Authority entered into a mortgage loan for \$2,500,000 bearing interest at a fixed rate of 4.12 percent and is secured by the mortgaged property. The loan requires monthly payments of principal and interest of \$12,109 through May 2026. A balloon payment of approximately \$2,006,000 will be due on June 1, 2026. The Authority was in full compliance with related covenants as of December 31, 2016. The Authority made payments totaling 20,473 on the loan during the year ended December 31, 2016	-	2,500,000	(20,473)	2,479,527
<b>Affordable Housing Trust for Columbus and Franklin County</b> - During December 2015, the Authority entered into a promissory note payable to the Affordable Housing Trust for Columbus and Franklin County in the amount of \$4,000,000 to provide bridge financing for the development of Poindexter IIA, LLC. The note bears interest at a rate of 2.5 percent per annum and is secured by a security interest in the City Grant Agreement. All outstanding principal and interest is due at the maturity date of December 31, 2018. No proceeds were advanced to the Authority during the year ended December 31, 2016. The Authority made no payments on the outstanding payable during the year ended December 31, 2016	200,000	-	-	200,000
Total note payable	200,000	<u>\$ 31,851,680</u>	<u>\$ (14,692,153)</u>	17,359,527
Less current portion	-			293,312
Total long-term portion	<u>\$ 200,000</u>			<u>\$ 17,066,215</u>

# Columbus Metropolitan Housing Authority

## Notes to Financial Statements December 31, 2016

### Note 8 – Long-term Debt (Continued)

The balance of the above long-term debt matures as follows:

<u>Years Ending</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 293,312	\$ 671,488
2018	505,459	684,848
2019	318,109	667,199
2020	329,423	655,884
2021	344,924	640,364
Thereafter	15,568,300	2,935,812
Total	<u>\$ 17,359,527</u>	<u>\$ 6,255,595</u>

### Note 9 – Pension Plans and Other Postemployment Benefits

**Plan Description and Plan Benefits** - The Authority contributes to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer public employee retirement system comprised of three separate pension plans: the Traditional Pension Plan, the Combined Plan, and the Member-Directed Plan. All public employees in Ohio, except those covered by one of the other state or local retirement systems in Ohio, are members of OPERS. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a publicly available, stand-alone financial report that includes financial statements, required supplemental information, and detailed information about OPERS' fiduciary net position. That report can be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

# Columbus Metropolitan Housing Authority

## Notes to Financial Statements December 31, 2016

### Note 9 - Pension Plans and Other Postemployment Benefits (Continued)

*The Traditional Pension Plan* - The Traditional Pension Plan is a defined benefit plan in which a member's retirement benefits are calculated on a formula that considers years of service and final average salary. The pension benefits are funded by both member and employer contributions, and investment earnings on those contributions.

*The Combined Plan* - The Combined Plan is a defined benefit plan with elements of a defined contribution plan. Under the Combined Plan, members earn a formula benefit similar to, but at a factor less than, the Traditional Pension Plan benefit. This defined benefit is funded by employer contributions and associated investment earnings. Additionally, member contributions are deposited into a defined contribution account in which the member self-directs the investment. Upon retirement or termination, the member may choose a defined contribution retirement distribution that is equal in amount to the member's contributions to the plan and investment earnings (or losses) on those contributions. Members may also elect to use their defined contribution account balances to purchase a defined benefit annuity administered by OPERS.

*The Member-Directed Plan* - The Member-Directed Plan is a defined contribution plan in which members self-direct the investment of both member and employer contributions. The retirement distribution under this plan is equal to the sum of member and vested employer contributions, plus investment earnings (or losses) on those contributions. Employer contributions and associated investment earnings vest over a five-year period at a rate of 20 percent per year. Upon retirement or termination, the member may choose a defined contribution retirement distribution, or may elect to use his or her defined contribution account balances to purchase a defined benefit annuity administered by OPERS.

Plan benefits, and any benefit increases, are established by legislature pursuant to Chapter 145 of the Ohio Revised Code. The board of trustees, pursuant to Chapter 145, has elected to maintain funds to provide health care coverage to eligible Traditional Pension and Combined Plan retirees and survivors of members. Healthcare coverage does not vest and is not required under Chapter 145. As a result, coverage may be reduced or eliminated at the discretion of the board.

# Columbus Metropolitan Housing Authority

## Notes to Financial Statements December 31, 2016

### Note 9 - Pension Plans and Other Postemployment Benefits (Continued)

Senate Bill (SB) 343 enacted into law new legislation with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. Members who were eligible to retire under law in effect prior to SB 343 or will be eligible to retire no later than five years after January 7, 2013, comprise transition Group A. Members who have 20 years of service credit prior to January 7, 2013, or will be eligible to retire no later than 10 years after January 7, 2013, are included in transition Group B. Group C includes those members who are not in either of the other groups and members who were hired on or after January 7, 2013.

*Age and Service Defined Benefits* - Benefits in the Traditional Pension Plan for members are calculated on the basis of age, final average salary, and service credit. Members in transition Groups A and B are eligible for retirement benefits at age 60 with 5 years of service credit or at age 55 with 25 or more years of service credit. Members in transition Group C are eligible for retirement at age 57 with 25 years of service or at age 62 with 5 years of service. For Groups A and B, the annual benefit is based on 2.2 percent of final average salary multiplied by the actual years of service for the first 30 years of service credit and 2.5 percent for years of service in excess of 30 years. For Group C, the annual benefit applies a factor of 2.2 percent for the first 35 years and a factor of 2.5 percent for the years of service in excess of 35. The final average salary represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on an average of the five highest years of earnings over a member's career. Members who retire before meeting the age and years of service credit requirement for unreduced benefit receive a percentage reduction in the benefit amount. The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of annual cost-of-living adjustment.

Benefits in the Combined Plan consist of both an age and service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, final average salary, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for members in transition Groups A and B applies a factor of 1.0 percent to the member's final average salary for the first 30 years of service. A factor of 1.25 percent is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0 percent to the member's final average salary for the first 35 years of service and a factor of 1.25 percent is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions, plus or minus any investment gains or losses on those contributions.

# Columbus Metropolitan Housing Authority

## Notes to Financial Statements December 31, 2016

### Note 9 - Pension Plans and Other Postemployment Benefits (Continued)

*Defined Contribution Benefits* - Defined contribution plan benefits are established in the plan documents, which may be amended by the board. Member-Directed Plan and Combined Plan members who have met the eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan was discussed above. Member-Directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the Member-Directed Plan consists of the member's contributions, vested employer contributions, and investment gains and losses resulting from the member's investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year.

At retirement, members may select one of several distribution options for payment of the vested balance of their individual OPERS accounts. Options include the purchase of a monthly annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of the entire account balance, net of taxes withheld, or a combination of these options.

Additional information on other benefits available can be found in the OPERS CAFR.

**Funding Policy** - The OPERS funding policy provides for periodic employee and employer contributions to all three plans at rates established by the board, subject to limits set in statute. The rates established for member and employer contributions were approved based upon the recommendations of OPERS' external actuary. All contribution rates were within the limits authorized by the Ohio Revised Code. Member and employer contribution rates, as a percent of covered payroll, were the same for each covered group across all three plans for the year ended December 31, 2016. Plan members were required to contribute 10 percent of covered payroll. The Authority contribution rate was 14 percent of covered payroll.

The Authority's contractually required contributions to OPERS for 2016 was \$900,431.

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPERS** - The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. For reporting purposes, the Authority combined the amounts for both the Traditional and Combined plans, due to insignificance of the amounts that related to the Combined Plan.

# Columbus Metropolitan Housing Authority

## Notes to Financial Statements December 31, 2016

### Note 9 - Pension Plans and Other Postemployment Benefits (Continued)

The Authority reported a net pension liability of \$10,326,292 as its proportionate share. The Authority's proportion was 0.059601 percent for the Traditional Plan and 0.02353 percent for the Combined Plan. The Authority recognized \$1,746,162 in pension expense.

The following amounts are reported as deferred outflows and inflows of resources at December 31, 2016:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Authority contributions subsequent to measurement date	\$ 900,431	\$ -	\$ 900,431
Net difference between projected and actual investment earnings	3,062,008	-	3,062,008
Change in employer proportionate share of net pension liability	-	(389,178)	(389,178)
Differences between expected and actual experience	-	(209,495)	(209,495)
Total	<u>\$ 3,962,439</u>	<u>\$ (598,673)</u>	<u>\$ 3,363,766</u>

The amount of \$900,431 reported as deferred outflows of resources related to pension resulting from the authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2017. Other amounts reported as deferred outflows and deferred inflows related to pension will be recognized in pension expense as follows:

	Deferred Outflows	Deferred Inflows	Pension Expense
2017	\$ 791,388	\$ (303,027)	\$ 488,361
2018	791,388	(250,686)	540,702
2019	791,387	(40,852)	750,535
2020	687,845	(806)	687,039
2021	-	(806)	(806)
Thereafter	-	(2,496)	(2,496)
Total	<u>\$ 3,062,008</u>	<u>\$ (598,673)</u>	<u>\$ 2,463,335</u>

# Columbus Metropolitan Housing Authority

## Notes to Financial Statements December 31, 2016

### Note 9 - Pension Plans and Other Postemployment Benefits (Continued)

**Actuarial Assumptions** - Total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Traditional Plan	Combined Plan
Investment rate of return	8.00%	8.00%
Wage inflation	3.75%	3.75%
Projected salary increases	4.25% - 10.05%	4.25% - 8.05%
	(includes wage inflation at 3.75%)	(includes wage inflation at 3.75%)
Cost-of-living adjustments	Pre 1/7/2013 Retirees: 3.00% Simple Post 1/7/2013 Retirees: 3.00% Simple through 2018, then 2.80% Simple	Pre 1/7/2013 Retirees: 3.00% Simple Post 1/7/2013 Retirees: 3.00% Simple through 2018, then 2.80% Simple

Mortality rates are the RP-2000 mortality table projected 20 years using Projected Scale AA. For males, 105 percent of the combined health male mortality rates were used. For females, 100 percent of the combined health female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males, 120 percent of the disabled male mortality rates were used, set forward two years. For females, 100 percent of the disabled female mortality rates were used.

*Long-term Expected Rate of Return* - The allocation of investment assets within the defined benefit portfolio is approved by the board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

The target allocation policy and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-term Expected Real Rate of Return
Fixed income	23.00%	2.31%
Domestic equities	20.70%	5.84%
Real estate	10.00%	4.25%
Private equity	10.00%	9.25%
International equities	18.30%	7.40%
Other investments	18.00%	4.59%

# Columbus Metropolitan Housing Authority

## Notes to Financial Statements December 31, 2016

### Note 9 - Pension Plans and Other Postemployment Benefits (Continued)

**Discount Rate** - The discount rate used to measure the total pension liability was 8.0 percent for both the Traditional Pension Plan and the Combined Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for both the Traditional Pension Plan and the Combined Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following chart represents the Authority's proportionate share of the net pension liability at the 8 percent discount rate as well as the sensitivity to a 1 percent increase and 1 percent decrease in the current discount rate:

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
Authority's proportionate share of the net pension liability	\$ 16,498,631	\$ 10,326,292	\$ 5,121,893

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 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 plan and the combined plans 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 postemployment benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code permits, but does not require, OPERS to provide OPEB benefits to its eligible benefit recipients. Authority to establish and amend healthcare coverage is provided in Chapter 145 of the Ohio Revised Code.

# **Columbus Metropolitan Housing Authority**

## **Notes to Financial Statements December 31, 2016**

### **Note 9 - 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 healthcare 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 2016, state and local employers contributed at a rate of 14 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB plan.
- OPERS' Postemployment Healthcare Plan was established under, and is administered 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 postemployment healthcare. The portion of employer contributions allocated to healthcare for members in the traditional pension and combined plans was 2 percent during calendar year 2015. 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 provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.
- The portion of the Authority's 2016, 2015, and 2014 expense that was used to fund postemployment benefits was \$150,070, \$155,665, and \$158,910, respectively.

### **Note 10 - 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 2016.

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 Financial Statements December 31, 2016

### Note 11 - 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, 2016, there was no additional liability relating to excess operating deficits for Four Pointe MHA, LLC.

### Note 12 - 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, 2016.

### Note 13 - Blended Component Unit

A condensed statement of net position for the Authority's blended component units as of December 31, 2016 is presented as follows:

	Gender Road Limited Partnership	Homes at Second Avenue, LLC	Four Pointe MHA, LLC
<b>Assets</b>			
Current and other assets	\$ 639,708	\$ 1,911,265	\$ 1,437,302
Capital assets - Net of depreciation	4,265,559	11,481,819	17,850,830
Total assets	<u>\$ 4,905,267</u>	<u>\$ 13,393,084</u>	<u>\$ 19,288,132</u>
<b>Liabilities</b>			
Current liabilities	\$ 60,803	\$ 42,787	\$ 534,025
Long-term liabilities - Primary government	6,225,666	-	14,253,384
Total liabilities	6,286,469	42,787	14,787,409
<b>Net Position</b>			
Net investment in capital assets	(1,960,107)	11,481,819	3,597,446
Unrestricted	578,905	1,868,478	903,277
Total net position	<u>(1,381,202)</u>	<u>13,350,297</u>	<u>4,500,723</u>
Total liabilities and net position	<u>\$ 4,905,267</u>	<u>\$ 13,393,084</u>	<u>\$ 19,288,132</u>

# Columbus Metropolitan Housing Authority

## Notes to Financial Statements December 31, 2016

### Note 13 - Blended Component Unit (Continued)

A condensed statement of activities for the Authority's blended component units as of December 31, 2016 is presented as follows:

	Gender Road Limited Partnership	Homes at Second Avenue, LLC	Four Pointe MHA, LLC
<b>Operating Revenue</b>	\$ 561,210	\$ 1,066,852	\$ 1,124,141
<b>Operating Expense</b>	926,466	1,143,781	1,014,177
<b>Operating (Loss) Income</b>	(365,256)	(76,929)	109,964
<b>Capital Contributions</b>	148,635	206,681	4,390,759
<b>Change in Net Position</b>	(216,621)	129,752	4,500,723
<b>Net Position - Beginning of year</b>	(1,164,581)	13,220,545	-
<b>Net Position - End of year</b>	<u>\$ (1,381,202)</u>	<u>\$ 13,350,297</u>	<u>\$ 4,500,723</u>

A condensed statement of cash flows for the Authority's blended component units as of December 31, 2016 is presented as follows:

	Gender Road Limited Partnership	Homes at Second Avenue, LLC	Four Pointe MHA, LLC
<b>Net Cash (Used in) Provided by</b>			
Operating activities	\$ (263,924)	\$ 128,182	\$ 470,187
Capital and related financing activities	(50,001)	7,792	931,688
Investing activities	685	5,046	(916,869)
(Decrease) increase in cash	(313,240)	141,020	485,006
<b>Cash and Cash Equivalents - Beginning of year</b>	928,736	1,732,446	-
<b>Cash and Cash Equivalents - End of year</b>	<u>\$ 615,496</u>	<u>\$ 1,873,466</u>	<u>\$ 485,006</u>

# Columbus Metropolitan Housing Authority

## Notes to Financial Statements December 31, 2016

### Note 14 - 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 unit's separately issued financial statements can be obtained through the Authority. See Note I for details on the nature of business and the for-profit entities that are considered discretely presented component units.

Each of the discrete component units was formed as a limited partnership or a limited liability company 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.

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

Component Unit Entity	Tax/Insurance Escrows	Operating Reserve	Replacement Reserve	Bond Reserves	Total Restricted Cash
Jenkins Terrace, LLC	\$ 488,319	\$ -	\$ -	\$ -	\$ 488,319
Worley Terrace, LLC	100,002	356,228	-	-	456,230
Elim Manor Elderly Housing, LLC	22,144	294,891	108,715	2,404,130	2,829,880
Franklin Station, LLC	-	620,992	78,194	-	699,186
Poindexter Place, LLC	-	137,053	31,217	-	168,270
Total discrete component units' restricted cash	<u>\$ 610,465</u>	<u>\$ 1,409,164</u>	<u>\$ 218,126</u>	<u>\$ 2,404,130</u>	<u>\$ 4,641,885</u>

# Columbus Metropolitan Housing Authority

## Notes to Financial Statements December 31, 2016

### Note 14 - Discretely Presented Component Units (Continued)

**Notes Payable** - The amount of outstanding debt of the discretely presented component units as of December 31, 2016 is as follows:

<i>Franklin Station, LLC</i> - The company obtained a promissory note in December 2014 for \$2,000,000 for the Affordable Housing Trust. The note accrues interest at 2.5 percent per annum and does not require monthly payments. All principal and unpaid interest are due upon maturity in December 2017. The note is secured solely by the investor member's interest in the company and is guaranteed by CMHA. The company was in full compliance with related covenants as of December 31, 2016	\$ 2,000,000
<i>Franklin Station Bridge Loans</i> - The company 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 percent. The maturity date is contingent on the investor member making required equity contributions. The second bridge loan was for \$3,000,000 and accrues interest at 5 percent. The loan requires monthly payments of principal and interest of \$16,105 through December 2029. A balloon payment of approximately \$2,035,000 will be due in January 2030	6,213,180
<i>Elim Manor Elderly Housing, LLC</i> - The company has a HUD-insured Section 231 mortgage note payable to Red Mortgage Capital, LLC, bearing interest at 3.68 percent, principal and interest payable in monthly installments of \$9,957 beginning April 1, 2012 through March 1, 2052, the maturity date	2,357,615
<i>Elim Manor Elderly Housing, LLC</i> - The company has a noninterest-bearing loan to Homeport payable from surplus cash. Repayment is subject to available surplus cash and accordingly the loans which consist of advances and a note payable do not have a scheduled maturity date	114,000
<i>Elim Manor Elderly Housing, LLC</i> - The MultiFamily Housing Revenue Bonds Series 2009 I-3 were issued by the Ohio Housing Finance Agency and are held by Wells Fargo, originally totaling \$2,500,000 and bearing interest at 3.01 percent per annum. The principal amount of the bonds outstanding together with accrued interest thereon are due and payable in 2051. The bonds are collateralized by the Project Acquisition Fund	2,370,000

# Columbus Metropolitan Housing Authority

## Notes to Financial Statements December 31, 2016

### Note 14 - Discretely Presented Component Units (Continued)

<i>Poindexter Place, LLC</i> - The company has a loan with American Housing Trust totaling \$2,000,000 bearing interest at 2.5 percent. Interest-only payments are paid monthly through the maturity date of October 1, 2018. Principal is due in full on the maturity date	\$ 2,000,000
<i>Poindexter Place, LLC</i> - The company has entered into an equity bridge loan payable to the Ohio Housing Finance Agency (OHFA) originally totaling \$1,000,000 and bearing interest at 2 percent per annum. Principal and interest are due and payable in annual installments of \$110,264, commencing in April 2017 through April 2026. The note is collateralized by the investor member's assignment to the company of the future capital contribution installments. No payments have yet been made on the loan	1,000,000
<i>Poindexter Place, LLC</i> - The partnership has a loan with City of Columbus, Department of Development totaling \$250,000 bearing interest at 2.0 percent. Principal and interest payments are payable on the anniversary date and shall be limited to 25 percent of the annual net cash flow and approved by the City. Principal is due in full on the maturity date	250,000
<i>Poindexter Place, LLC</i> - The company received one loan from CMHA totaling \$825,570 during 2015 accruing interest at 0.25 percent. The first monthly payment shall be due three months after the end of the first fiscal year that occurs after the project is placed in service, and will continue for 30 years from the initial disbursement of funds. Annual repayments shall be due on the anniversary of the first payment and is limited to 75 percent annual cash flow of the project for the preceding calendar year. No payments have yet been made on the loan	<u>825,570</u>
Total note payable	17,130,365
Less current portion	<u>5,502,872</u>
Total long-term portion	<u>\$ 11,627,493</u>

The balance of the above debt matures as follows:

	<u>Principal</u>	<u>Interest</u>
2017	\$ 5,502,872	\$ 436,729
2018	2,197,806	359,909
2019	203,580	316,130
2020	219,573	309,633
2021	235,797	302,910

# Columbus Metropolitan Housing Authority

## Notes to Financial Statements December 31, 2016

### Note 14 - Discretely Presented Component Units (Continued)

**Capital Assets** - 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 and Site Improvements	Buildings
<b>Operational Entities</b>			
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
Poindexter Place, LLC	5 years	15 years	40 years

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

	Beginning of Year Balance	Additions	Disposals	End of Year Balance
<b>Capital Assets Not Being Depreciated -</b>				
Land	\$ 750,000	\$ -	\$ -	\$ 750,000
<b>Capital Assets Being Depreciated</b>				
Buildings	54,131,356	60,254	-	54,191,610
Site improvements	7,870,298	-	(21,774)	7,848,524
Furniture and fixtures	1,727,283	-	(31,624)	1,695,659
Total depreciable capital assets	63,728,937	60,254	(53,398)	63,735,793
<b>Accumulated Depreciation</b>	(7,662,230)	(2,087,472)	11,721	(9,737,981)
<b>Net Capital Assets Being Depreciated</b>	56,066,707	(2,027,218)	(41,677)	53,997,812
<b>Total Capital Assets</b>	\$ 56,816,707	\$ (2,027,218)	\$ (41,677)	\$ 54,747,812

# Columbus Metropolitan Housing Authority

## Notes to Financial Statements December 31, 2016

### Note 14 - 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	2016 Net Capital Assets
	Land	Buildings	Site Improvements	Furniture and Fixtures		
<b>Operational Entities</b>						
Jenkins Terrace, LLC	\$ -	\$ 11,699,378	\$ 458,529	\$ 438,867	\$ (3,455,620)	\$ 9,141,154
Worley Terrace, LLC	-	11,533,880	781,543	423,873	(3,332,287)	9,407,009
Elim Manor Elderly Housing, LLC	-	-	5,636,536	191,623	(1,159,398)	4,668,761
Franklin Station, LLC	750,000	15,706,362	9,850	321,054	(1,106,973)	15,680,293
Poindexter Place, LLC	-	15,251,990	962,066	320,242	(683,703)	15,850,595
<b>Total Discrete Component Units'</b>						
<b>Net Capital Assets</b>	<u>\$ 750,000</u>	<u>\$ 54,191,610</u>	<u>\$ 7,848,524</u>	<u>\$ 1,695,659</u>	<u>\$ (9,737,981)</u>	<u>\$ 54,747,812</u>

## **Required Supplemental Information**

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# Columbus Metropolitan Housing Authority

## Schedule of the Authority's Proportionate Share of Net Pension Liability December 31, 2016

The following is the schedule of the Authority's proportionate share of the net pension liability of the Ohio Public Employees Retirement System for the last three measurement years (1), (2).

	2015	2014	2013
Authority's proportion of the net pension liability:			
Traditional Plan	0.059601%	0.064294%	0.064294%
Combined Plan	0.023530%	0.018127%	0.018127%
Authority's proportionate share of the net pension liability (asset)	\$ 10,326,292	\$ 7,747,594	\$ 7,577,523
Authority's covered employee payroll (3)	\$ 7,488,142	\$ 7,948,700	\$ 7,398,100
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	137.90%	97.47%	102.43%
Plan fiduciary net position as a percentage of the total pension liability:			
Traditional Plan	81.08%	86.45%	86.36%
Combined Plan	116.90%	114.83%	104.56%

(1) Information presented is based on measurement periods ended December 31.

(2) Information prior to 2013 is not available.

(3) Covered employee payroll broken down by plan (Traditional vs. Combined) was not available.

# Columbus Metropolitan Housing Authority

## Schedule of Contributions December 31, 2016

The following is the schedule of the Authority's contributions to the Ohio Public Employees Retirement System for the last four years (1).

	2016	2015	2014	2013
Contractually required contributions (2)	\$ 900,431	\$ 898,577	\$ 953,844	\$ 961,753
Contributions in relation to the contractually required contributions	(900,431)	(898,577)	(953,844)	(961,753)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority covered employee payroll	\$ 7,503,592	\$ 7,488,142	\$ 7,948,700	\$ 7,398,100
Contributions as a percentage of covered employee payroll	12.00%	12.00%	12.00%	13.00%

(1) Represents employer's calendar year. Information prior to 2013 was not available. The Authority will continue to present information for years available until a full 10-year trend is compiled.

(2) Information broken down by plan type (Traditional vs. Combined) was not available.

# **Columbus Metropolitan Housing Authority**

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## **Note to Pension Required Supplemental Information Schedules December 31, 2016**

**Changes of Benefit Term** - Amounts reported in 2016 for OPERS reflect no change in benefits.

**Changes of Assumptions** - Amounts reported in 2016 reflect no adjustments based on changes of assumptions such as life expectancies, retired life mortality, or retirement age.

## **Supplemental Information**

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# Columbus Metropolitan Housing Authority

## Financial Data Schedules December 31, 2016

Description	Project Total 14.850 & 14.872	Section 8 Hsg Choice Vouchers 14.871	Section 8 Mainstream 14.181	DHAP 97.109	Other Fed	Shelter Care Plus 14.238	Central Office	Other Fed	Other Business Activities	AHSC 14.195	Eliminations	Total	Discretely Presented Component Units
					Program 1 Choice Neighborhood Hope VI 14.892			Program 2 Ross Grant 14.877					
Cash - Unrestricted	\$ 2,751,077	\$ 8,465,966	\$ 327,959	\$ 82,193	\$ -	\$ 222,792	\$ 259,587	\$ -	\$ 4,189,013	\$ 51,431	\$ -	\$ 16,350,018	\$ 1,635,754
Cash - Other restricted	43,287	299,654	-	-	-	-	-	-	934,878	2,887	-	1,280,706	4,641,885
Cash - Tenant security deposits	250,632	-	-	-	-	-	-	-	215,160	-	-	465,792	183,306
<b>Total Cash</b>	<b>3,044,996</b>	<b>8,765,620</b>	<b>327,959</b>	<b>82,193</b>	<b>-</b>	<b>222,792</b>	<b>259,587</b>	<b>-</b>	<b>5,339,051</b>	<b>54,318</b>	<b>-</b>	<b>18,096,516</b>	<b>6,460,945</b>
Accounts receivable - HUD other projects	1,988,772	-	-	-	2,506,675	12,708	-	469	-	3,539,346	-	8,047,970	-
Account receivable - Miscellaneous - Other	821	75,968	-	-	-	1,698,613	12,852,842	-	414,211	-	(9,655,198)	5,387,257	-
Accounts receivable - Tenants	130,082	-	-	-	-	-	-	-	27,409	-	-	157,491	24,039
Allowance for doubtful accounts - Tenants	(77,273)	-	-	-	-	-	-	-	(978)	-	-	(78,251)	(11,690)
Notes, loans, and mortgages receivable - Current	-	-	-	-	-	-	2,202,802	-	137,830	-	(628,408)	1,712,224	-
Accrued interest receivable	-	-	-	-	-	-	56,153	-	-	-	-	56,153	-
<b>Total Receivables - Net of allowance for doubtful accounts</b>	<b>2,042,402</b>	<b>75,968</b>	<b>-</b>	<b>-</b>	<b>2,506,675</b>	<b>1,711,321</b>	<b>15,111,797</b>	<b>469</b>	<b>578,472</b>	<b>3,539,346</b>	<b>(10,283,606)</b>	<b>15,282,844</b>	<b>12,349</b>
Investments - Unrestricted	6,080,542	112	-	-	-	-	518,029	-	-	-	-	6,598,683	-
Investments - Restricted	99,778	-	-	-	-	-	-	-	3,937,000	-	-	4,036,778	-
Prepaid expenses and other assets	174,440	36,964	-	-	-	1,534	28,761	-	79,472	-	-	321,171	222,743
<b>Total Current Assets</b>	<b>11,442,158</b>	<b>8,878,664</b>	<b>327,959</b>	<b>82,193</b>	<b>2,506,675</b>	<b>1,935,647</b>	<b>15,918,174</b>	<b>469</b>	<b>9,933,995</b>	<b>3,593,664</b>	<b>(10,283,606)</b>	<b>44,335,992</b>	<b>6,696,037</b>
Land	1,005,695	785,041	-	-	-	-	4,963,811	-	2,361,613	-	-	9,116,160	750,000
Buildings	147,844,225	377,957	-	-	-	-	10,879,319	-	61,644,057	-	-	220,745,558	62,040,134
Furniture, equipment, and machinery - Dwellings	50,830	-	-	-	-	-	-	-	537,234	-	-	588,064	1,695,659
Furniture, equipment, and machinery - Administration	-	2,032,091	-	-	-	-	2,990,172	-	185,205	266,609	-	5,474,077	-
Accumulated depreciation	(109,697,213)	(2,041,151)	-	-	-	-	(8,841,797)	-	(23,210,867)	(266,609)	-	(144,057,637)	(9,737,981)
Construction in progress	2,264,647	-	-	-	2,959,988	-	-	469	205,295	-	-	5,430,399	-
<b>Total Capital Assets - Net of accumulated depreciation</b>	<b>41,468,184</b>	<b>1,153,938</b>	<b>-</b>	<b>-</b>	<b>2,959,988</b>	<b>-</b>	<b>9,991,505</b>	<b>469</b>	<b>41,722,537</b>	<b>-</b>	<b>-</b>	<b>97,296,621</b>	<b>54,747,812</b>
Notes, loans, and mortgages receivable - Noncurrent	-	-	-	-	-	-	41,195,235	-	399,352	-	(22,848,457)	18,746,130	-
Other assets	71,420	-	-	-	-	-	-	-	295,171	-	-	366,591	638,199
Equity interest in joint ventures	5,325,592	-	-	-	-	-	27,462,039	-	1,161	-	-	32,788,792	-
<b>Total Noncurrent Assets</b>	<b>46,865,196</b>	<b>1,153,938</b>	<b>-</b>	<b>-</b>	<b>2,959,988</b>	<b>-</b>	<b>78,648,779</b>	<b>469</b>	<b>42,418,221</b>	<b>-</b>	<b>(22,848,457)</b>	<b>149,198,134</b>	<b>55,386,011</b>
<b>Deferred Outflow of Resources</b>	<b>-</b>	<b>1,799,554</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57,865</b>	<b>2,105,020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,962,439</b>	<b>-</b>
<b>Total Assets and Deferred Outflow of Resources</b>	<b>\$ 58,307,354</b>	<b>\$ 11,832,156</b>	<b>\$ 327,959</b>	<b>\$ 82,193</b>	<b>\$ 5,466,663</b>	<b>\$ 1,993,512</b>	<b>\$ 96,671,973</b>	<b>\$ 938</b>	<b>\$ 52,352,216</b>	<b>\$ 3,593,664</b>	<b>\$ (33,132,063)</b>	<b>\$ 197,496,565</b>	<b>\$ 62,082,048</b>

# Columbus Metropolitan Housing Authority

## Financial Data Schedules (Continued) December 31, 2016

Description	Project Total 14.850 & 14.872	Section 8 Hsg Choice Vouchers 14.871	Section 8 Mainstream 14.181	DHAP 97.109	Other Fed Program 1 Choice	Shelter Care Plus 14.238	Central Office	Other Fed Program 2 Ross Grant	Other Business Activities	AHSC 14.195	Eliminations	Total	Discretely Presented Component Units
					Neighborhood Hope VI 14.892			14.877					
Accounts payable <= 90 days	\$ 3,039,236	\$ 413,587	\$ 321	\$ -	\$ 2,257,557	\$ 1,983,378	\$ 400,892	\$ -	\$ 1,609,906	\$ 3,497,279	\$ (9,653,953)	\$ 3,548,203	\$ 1,841,222
Accrued wage/payroll taxes payable	-	-	-	-	-	-	239,659	-	20,925	-	-	260,584	3,755
Accrued compensated absences - Current portion	-	77,287	-	-	-	1,141	87,430	-	-	-	-	165,858	-
Accrued contingency liability	-	-	-	-	-	-	-	-	-	-	-	-	500,746
Accrued interest payable	-	-	-	-	-	-	5,953	-	50,438	-	-	56,391	274,488
Accounts payable - HUD PHA Programs - Operating subsidy	14,209	-	-	-	-	-	-	-	-	-	-	14,209	-
Accounts payable - Other government	9,052	-	-	-	-	-	-	-	385,544	-	-	394,596	96,219
Tenant security deposits	197,938	-	-	-	-	-	-	-	219,902	-	-	417,840	173,214
Deferred revenue - Other	58,342	7,139,682	-	-	-	-	445,089	-	13,614	-	-	7,656,727	3,554
Current portion of long-term debt - Capital projects/mortgage revenue	25,000	-	-	-	-	-	-	-	896,720	-	(628,408)	293,312	5,502,872
Other current liabilities	22,362	5,512	-	-	-	1,148	3,821	-	1,938	-	-	34,781	-
Accrued liabilities - Other	158,505	1,712	-	-	249,118	-	37,259	469	53,985	-	(26,245)	474,803	18,737
<b>Total Current Liabilities</b>	<b>3,524,644</b>	<b>7,637,780</b>	<b>321</b>	<b>-</b>	<b>2,506,675</b>	<b>1,985,667</b>	<b>1,220,103</b>	<b>469</b>	<b>3,252,972</b>	<b>3,497,279</b>	<b>(10,308,606)</b>	<b>13,317,304</b>	<b>8,414,807</b>
Long-term debt - Net of current - Capital projects/mortgage revenue	6,040,082	-	-	-	-	-	200,000	-	34,113,637	-	(23,287,504)	17,066,215	11,627,493
Noncurrent liabilities - Other	38,506	199,782	-	-	-	-	-	-	-	-	-	238,288	2,281,930
Accrued compensated absences - Noncurrent	-	19,231	-	-	-	284	21,755	-	-	-	-	41,270	-
Accrued pension and OPEB liabilities	2,647	4,688,516	-	-	-	150,760	5,484,369	-	-	-	-	10,326,292	-
<b>Total Noncurrent Liabilities</b>	<b>6,081,235</b>	<b>4,907,529</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>151,044</b>	<b>5,706,124</b>	<b>-</b>	<b>34,113,637</b>	<b>-</b>	<b>(23,287,504)</b>	<b>27,672,065</b>	<b>13,909,423</b>
<b>Total Liabilities</b>	<b>9,605,879</b>	<b>12,545,309</b>	<b>321</b>	<b>-</b>	<b>2,506,675</b>	<b>2,136,711</b>	<b>6,926,227</b>	<b>469</b>	<b>37,366,609</b>	<b>3,497,279</b>	<b>(33,596,110)</b>	<b>40,989,369</b>	<b>22,324,230</b>
<b>Deferred Inflow of Resources</b>	<b>-</b>	<b>271,889</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,743</b>	<b>318,041</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>598,673</b>	<b>-</b>
Net investment in capital assets	35,403,102	1,153,938	-	-	2,959,988	-	9,791,505	469	6,712,180	-	23,915,912	79,937,094	37,617,447
Restricted net position	195,759	299,654	-	-	-	-	-	-	4,867,136	2,887	-	5,365,436	4,651,977
Unrestricted net position	13,102,614	(2,438,634)	327,638	82,193	-	(151,942)	79,636,200	-	3,406,291	93,498	(23,451,865)	70,605,993	(2,511,606)
<b>Total Equity - Net assets/position</b>	<b>48,701,475</b>	<b>(985,042)</b>	<b>327,638</b>	<b>82,193</b>	<b>2,959,988</b>	<b>(151,942)</b>	<b>89,427,705</b>	<b>469</b>	<b>14,985,607</b>	<b>96,385</b>	<b>464,047</b>	<b>155,908,523</b>	<b>39,757,818</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Equity - Net</b>	<b>\$ 58,307,354</b>	<b>\$ 11,832,156</b>	<b>\$ 327,959</b>	<b>\$ 82,193</b>	<b>\$ 5,466,663</b>	<b>\$ 1,993,512</b>	<b>\$ 96,671,973</b>	<b>\$ 938</b>	<b>\$ 52,352,216</b>	<b>\$ 3,593,664</b>	<b>\$ (33,132,063)</b>	<b>\$ 197,496,565</b>	<b>\$ 62,082,048</b>

# Columbus Metropolitan Housing Authority

## Financial Data Schedules (Continued) December 31, 2016

Description	Project Total 14.850 & 14.872	Section 8 Hsg Choice Vouchers 14.871	Section 8 Mainstream 14.181	DHAP 97.109	Other Fed Program 1 Choice	Shelter Care Plus 14.238	Central Office	Other Fed Program 2	Other Business Activities	AHSC 14.195	Eliminations	Total	Discretely Presented Component Units
					Neighborhood Hope VI 14.892			Ross Grant 14.877					
Net tenant rental revenue	\$ 1,437,746	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,316,957	\$ -	\$ -	\$ 5,754,703	\$ 2,830,143
<b>HUD PHA Operating Grants</b>	5,859,355	86,791,913	483,158	-	10,159,600	3,227,057	-	143,908	-	621,033,430	-	727,698,421	-
Capital grants	3,220,013	-	-	-	-	-	-	-	-	-	-	3,220,013	-
Management fee	-	-	-	-	-	-	7,349,367	-	-	-	(7,349,367)	-	-
Asset management fee	-	-	-	-	-	-	134,760	-	-	-	(134,760)	-	-
Bookkeeping fee	-	-	-	-	-	-	1,274,760	-	-	-	(1,274,760)	-	-
Front line service fee	-	-	-	-	-	-	19,352	-	-	-	(19,352)	-	-
<b>Total Fee Revenue</b>	-	-	-	-	-	-	8,778,239	-	-	-	(8,778,239)	-	-
Investment income - Unrestricted	24,339	1	-	-	-	-	183,742	-	23,610	-	-	231,692	84,485
Fraud recovery	-	60,148	-	-	-	-	-	-	-	-	-	60,148	-
Other revenue	1,807,941	313,643	-	-	-	-	2,707,338	-	562,988	-	(225,744)	5,166,166	113,391
Gain or loss on sale of capital assets	210,458	17,810	-	-	-	-	(630,303)	-	-	-	-	(402,035)	-
Investment income - Restricted	5	-	-	-	-	-	-	-	20,963	-	-	20,968	-
<b>Total Revenue</b>	12,559,857	87,183,515	483,158	-	10,159,600	3,227,057	11,039,016	143,908	4,924,518	621,033,430	(9,003,983)	741,750,076	3,028,019
Administrative salaries	769,581	2,930,798	-	-	-	124,165	3,387,789	98,532	234,084	-	-	7,544,949	293,297
Auditing fees	27,288	155,328	-	-	-	6,731	41,386	-	1,035	-	-	231,768	62,426
Management fee	366,264	1,778,712	10,116	-	-	80,652	-	-	-	5,113,623	(7,349,367)	-	45,147
Bookkeeping fee	99,240	1,111,695	6,323	-	-	50,407	-	-	7,095	-	(1,274,760)	-	-
Advertising and marketing	2,929	43	-	-	-	1	8,361	-	25,304	-	-	36,638	3,828
Employee benefit contributions - Administrative	212,773	2,124,558	-	-	-	72,645	1,405,167	42,002	126,262	-	-	3,983,407	85,018
Office expenses	665,855	479,500	-	-	534,712	19,047	1,342,741	-	85,995	-	(172,827)	2,955,023	212,421
Legal expense	57,462	51,212	-	-	-	1,887	605,701	-	4,765	-	-	721,027	49,653
Travel	193	-	-	-	-	-	81,689	-	-	-	-	81,882	10,018
Other	266,523	373,806	-	-	250,972	5,352	279,207	-	491,141	13,261,503	(52,917)	14,875,587	937,011
<b>Total Operating - Administrative</b>	2,468,108	9,005,652	16,439	-	785,684	360,887	7,152,041	140,534	975,681	18,375,126	(8,849,871)	30,430,281	1,698,819
Asset management fee	125,760	-	-	-	-	-	-	-	9,000	-	(134,760)	-	-

# Columbus Metropolitan Housing Authority

## Financial Data Schedules (Continued) December 31, 2016

Description	Project Total 14.850 & 14.872	Section 8 Hsg Choice Vouchers 14.871	Section 8 Mainstream 14.181	DHAP 97.109	Other Fed Program 1 Choice		Central Office	Other Fed Program 2 Ross Grant 14.877	Other Business Activities	AHSC 14.195	Eliminations	Total	Discretely Presented Component Units
					Neighborhood Hope VI 14.892	Shelter Care Plus 14.238							
Tenant services - Salaries	\$ 56,544	\$ 71,036	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 127,580	\$ -
Relocation costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Employee benefit contributions - Tenant services	30,948	32,375	-	-	-	-	-	-	-	-	-	63,323	-
Tenant services - Other	146,238	-	-	-	-	-	100,108	-	-	-	-	246,346	-
<b>Total Tenant Services</b>	<b>233,730</b>	<b>103,411</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100,108</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>437,249</b>	<b>-</b>
Water	1,033,282	2,074	-	-	-	-	1,799	-	134,611	-	-	1,171,766	154,329
Electricity	253,180	5,913	-	-	-	-	119,456	-	201,953	-	-	580,502	256,207
Gas	57,568	1,086	-	-	-	-	4,348	-	40,366	-	-	103,368	34,886
<b>Total Utilities</b>	<b>1,344,030</b>	<b>9,073</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>125,603</b>	<b>-</b>	<b>376,930</b>	<b>-</b>	<b>-</b>	<b>1,855,636</b>	<b>445,422</b>
Ordinary maintenance and operations - Labor	232,998	-	-	-	-	-	92,218	-	227,423	-	-	552,639	153,231
Ordinary maintenance and operations - Materials and other	713,744	8,665	-	-	-	-	218,380	-	189,546	-	-	1,130,335	278,992
Ordinary maintenance and operations contracts - Garbage and trash removal contracts	36,229	492	-	-	-	-	4,043	-	34,119	-	(6,650)	68,233	52,204
Ordinary maintenance and operations contracts - Heating and cooling contracts	70,434	290	-	-	-	-	56,776	-	37,434	-	(9,392)	155,542	68,850
Ordinary maintenance and operations contracts - Snow removal contracts	2,497	-	-	-	-	-	-	-	10,101	-	-	12,598	13,640
Ordinary maintenance and operations contracts - Elevator maintenance contracts	-	1,267	-	-	-	-	3,427	-	21,493	-	-	26,187	20,842
Ordinary maintenance and operations contracts - Landscape and grounds contracts	374,208	-	-	-	-	-	27,714	-	61,444	-	-	463,366	23,399
Ordinary maintenance and operations contracts - Unit turnaround contracts	-	-	-	-	-	-	-	-	-	-	-	-	2,662
Ordinary maintenance and operations contracts - Electrical contracts	10,222	697	-	-	-	-	21,950	-	520	-	-	33,389	9,312
Ordinary maintenance and operations contracts - Plumbing contracts	18,716	198	-	-	-	-	2,868	-	9,443	-	(563)	30,662	9,402
Ordinary maintenance and operations contracts - Extermination contracts	254,935	288	-	-	-	-	34,324	-	24,506	-	-	314,053	25,967
Ordinary maintenance and operations contracts - Janitorial contracts	1,069	-	-	-	-	-	64,004	-	74,560	-	-	139,633	65,306
Ordinary maintenance and operations contracts - Routine maintenance contracts	122,317	2,790	-	-	-	-	123,669	-	127,797	-	-	376,573	37,420
Ordinary maintenance and operations contracts - Misc. contracts	120,189	3,771	-	-	-	-	66,403	-	73,636	-	(2,747)	261,252	574,936
Employee benefit contribution - Ordinary maintenance	157,989	-	-	-	-	-	62,530	-	1,096	-	-	221,615	-
<b>Total Maintenance</b>	<b>2,115,547</b>	<b>18,458</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>778,306</b>	<b>-</b>	<b>893,118</b>	<b>-</b>	<b>(19,352)</b>	<b>3,786,077</b>	<b>1,336,163</b>
Protective services - Labor	-	-	-	-	-	-	114,587	-	-	-	-	114,587	-
Protective services - Other contract costs	83,684	-	-	-	-	-	6,727	-	125,058	-	-	215,469	-
Employee benefit contributions - Protective services	-	-	-	-	-	-	62,716	-	-	-	-	62,716	-
<b>Total Protective Services</b>	<b>83,684</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>184,030</b>	<b>-</b>	<b>125,058</b>	<b>-</b>	<b>-</b>	<b>392,772</b>	<b>-</b>
Property insurance	287,192	5,562	-	-	-	-	386	-	44,911	-	-	338,237	152,832
Liability insurance	43,448	53,910	-	-	-	-	2,239	-	25,304	-	-	124,901	19,262
Workers' compensation	4,825	64,628	-	-	-	-	3,739	2,904	6,518	-	-	113,581	-
All other insurance	1,531	8,496	-	-	-	-	66	-	2,521	79,155	-	109,999	241
<b>Total Insurance Premiums</b>	<b>336,996</b>	<b>132,596</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,230</b>	<b>49,583</b>	<b>2,904</b>	<b>79,254</b>	<b>79,155</b>	<b>-</b>	<b>686,718</b>	<b>172,335</b>
Other general expenses	585,685	59,710	-	-	-	-	-	-	-	-	-	645,395	-
Payments in lieu of taxes	-	-	-	-	-	-	-	-	397,738	-	-	397,738	103,817
Bad debt - Tenant rents	38,325	-	-	-	-	-	-	-	11,026	-	-	49,351	27,284
Bad debt - Other	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Other General Expenses</b>	<b>624,010</b>	<b>59,710</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>408,764</b>	<b>-</b>	<b>-</b>	<b>1,092,484</b>	<b>131,101</b>
Interest of mortgage (or bonds) payable	-	-	-	-	-	-	-	-	339,612	-	-	339,612	494,995
Amortization	-	-	-	-	-	-	-	-	-	-	-	38,973	-
<b>Interest Expense and Amortization Cost</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>339,612</b>	<b>-</b>	<b>-</b>	<b>339,612</b>	<b>533,968</b>
<b>Total Operating Expenses</b>	<b>7,331,865</b>	<b>9,328,900</b>	<b>16,439</b>	<b>-</b>	<b>785,684</b>	<b>367,117</b>	<b>8,389,671</b>	<b>143,438</b>	<b>3,207,417</b>	<b>18,454,281</b>	<b>(9,003,983)</b>	<b>39,020,829</b>	<b>4,317,808</b>
<b>Excess Revenue Over (Under) Operating Expenses</b>	<b>5,227,992</b>	<b>77,854,615</b>	<b>466,719</b>	<b>-</b>	<b>9,373,916</b>	<b>2,859,940</b>	<b>2,649,345</b>	<b>470</b>	<b>1,717,101</b>	<b>602,579,149</b>	<b>-</b>	<b>702,729,247</b>	<b>(1,289,789)</b>

# Columbus Metropolitan Housing Authority

## Financial Data Schedules (Continued) December 31, 2016

Description	Project Total 14.850 & 14.872	Section 8 Hsg Choice Vouchers 14.871	Section 8 Mainstream 14.181	DHAP 97.109	Other Fed	Shelter Care Plus 14.238	Central Office	Other Fed	Other Business Activities	AHSC 14.195	Eliminations	Total	Discretely Presented Component Units
					Program 1 Choice Neighborhood Hope VI 14.892			Program 2 Ross Grant 14.877					
Housing assistance payments	\$ -	\$ 77,096,181	\$ 363,485	\$ -	\$ -	\$ 2,972,055	\$ -	\$ -	\$ -	\$ 602,579,149	\$ -	\$ 683,010,870	\$ -
Depreciation expense	3,742,706	56,107	-	-	-	-	627,708	-	1,927,097	-	-	6,353,618	2,087,472
<b>Total Expenses</b>	11,074,571	86,481,188	379,924	-	785,684	3,339,172	9,017,379	143,438	5,134,514	621,033,430	(9,003,983)	728,385,317	6,405,280
Operating transfer in	1,014,267	-	-	-	-	-	10,797,689	-	289,779	-	-	12,101,735	-
Operating transfer out	(1,368,290)	-	-	-	(7,522,779)	-	(289,779)	-	(2,920,887)	-	-	(12,101,735)	-
Extraordinary items - Net gain/loss	-	-	-	-	-	-	-	-	-	-	-	-	-
Inter AMP excess cash transfer in	-	-	-	-	-	-	-	-	-	-	-	-	-
Inter AMP excess cash transfer out	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers from program to AMP	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers from AMP to Ppogram	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	(354,023)	-	-	-	(7,522,779)	-	10,507,910	-	(2,631,108)	-	-	-	-
<b>Excess (Deficiency) of Revenue Over (Under) Expenses</b>	1,131,263	702,327	103,234	-	1,851,137	(112,115)	12,529,547	470	(2,841,104)	-	-	13,364,759	(3,377,261)
<b>Member Contributions</b>	-	-	-	-	-	-	-	-	-	-	-	-	8,072,029
<b>Change in Net Position</b>	<b>\$ 1,131,263</b>	<b>\$ 702,327</b>	<b>\$ 103,234</b>	<b>\$ -</b>	<b>\$ 1,851,137</b>	<b>\$ (112,115)</b>	<b>\$ 12,529,547</b>	<b>\$ 470</b>	<b>\$ (2,841,104)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,364,759</b>	<b>\$ 4,694,768</b>

# **Columbus Metropolitan Housing Authority**

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## **Note to Financial Data Schedules 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.

## **Federal Awards Supplemental Information**

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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the 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, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated April 25, 2017. Our report includes a reference to other auditors who audited the financial statements of Jenkins Terrace, LLC, Worley Terrace, LLC, Elim Manor Elderly Housing, LLC, Franklin Station, LLC, and Poindexter Place, which represent 100 percent of the assets and revenue of the aggregate discretely presented component units 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 Jenkins Terrace, LLC, Worley Terrace, LLC, Franklin Station, LLC, and Poindexter Place were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the 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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Plante & Moran, PLLC*

April 25, 2017

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) Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016. 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 and Avondale Woods Senior Housing Limited Partnership, which received \$2,693,385 and \$3,706,069, respectively, in federal awards, which is not included in the schedule during the year ended December 31, 2016. Our audit, described below, did not include the operations of Elim Manor Elderly Housing, LLC and Avondale Woods Senior Housing Limited Partnership because these component units engaged other auditors to perform an audit in accordance with compliance requirements in the *Consolidated Audit Guide for Audits of HUD Programs*.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to 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.

To the Board of Commissioners  
Columbus Metropolitan Housing Authority

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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance 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.

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, 2016.

### **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 the Uniform Guidance, 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.

To the Board of Commissioners  
Columbus Metropolitan Housing Authority

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

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

*Plante & Moran, PLLC*

April 25, 2017

# Columbus Metropolitan Housing Authority

## Schedule of Expenditures of Federal Awards Year Ended December 31, 2016

Federal Agency/Pass-through Grantor	CFDA No.	Total Provided to Subrecipients	Expenditures
U.S. Department of Housing and Urban Development -			
Direct programs -			
Section 8 Project-Based Cluster -			
Section 8 New Construction and Substantial Rehabilitation	14.182	\$ -	\$ 621,033,431
Housing Voucher Cluster -			
Section 8 Housing Choice Vouchers	14.871	-	86,791,913
Public Housing Capital Fund Program	14.872	-	3,220,013
Supportive Housing for Persons with Disabilities	14.181	-	483,158
Shelter Plus Care	14.238	-	3,227,056
Public and Indian Housing	14.850	-	5,859,355
Choice Neighborhoods Planning Grants	14.892	100,000	10,159,600
Public Housing Family Self-Sufficiency under Resident Opportunity and Supportive Services	14.877	469	143,908
Total federal awards		<u>\$ 100,469</u>	<u>\$ 730,918,434</u>

# **Columbus Metropolitan Housing Authority**

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## **Notes to Schedule of Expenditures of Federal Awards Year Ended December 31, 2016**

### **Note 1 - Basis of Presentation**

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, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). 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 assets, or cash flows of Columbus Metropolitan Housing Authority.

### **Note 2 - Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

The Authority has not elected to use the 10 percent *de minimus* indirect cost rate to recover indirect costs as allowed under the Uniform Guidance.

# Columbus Metropolitan Housing Authority

## Schedule of Findings and Questioned Costs Year Ended December 31, 2016

### 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 2 CFR 200.516 (a)?  Yes  No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
14.182	Section 8 New Construction and Substantial Rehabilitation
14.892	Choice Neighborhoods Planning Grants

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

Auditee qualified as low-risk auditee?  Yes  No

### Section II - Financial Statement Audit Findings

None

### Section III - Federal Program Audit Findings

None

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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  
JUNE 22, 2017**