Columbus Metropolitan Housing Authority

Consolidated Financial Statements, Required Supplementary Information, Federal Financial Assistance Schedules as of and for the Year Ended December 31, 2007, and Independent Auditors' Reports

Mary Taylor, CPA
Auditor of State

Board Members
Columbus Metropolitan Housing Authority
880 East 11th Avenue
Columbus, Ohio 43211-2771

We have reviewed the *Report of Independent Accountants* of the Columbus Metropolitan Housing Authority, Franklin County, prepared by Deloitte & Touche LLP for the audit period January 1, 2007 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 15, 2008

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COLUMBUS METROPOLITAN HOUSING AUTHORITY

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated statement of net assets of the Columbus Metropolitan Housing Authority (the "Authority"), as of December 31, 2007, and the related consolidated statements of revenues, expenses, and changes in net assets, and of cash flows for the year then ended. These consolidated financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We did not audit the balance sheets of the discretely presented component units, Rosewind Limited Partnership, Gender Road Limited Partnership, and Jenkins Terrace, LLC, as of December 31, 2007, and the related statement of operations and changes in equity for the year then ended. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Rosewind Limited Partnership, and Gender Road Limited Partnership, and Jenkins Terrace, LLC is based solely on the report of other auditors.

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

In our opinion, based on our audit and the report of other auditors, such consolidated financial statements present fairly, in all material respects, the financial position of the Columbus Metropolitan Housing Authority and its discretely presented component units as of December 31, 2007, and their changes in net assets and their cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3 to 8 is not a required part of the consolidated financial statements, but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the Authority's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit such information, and we do not express an opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Authority's consolidated financial statements taken as a whole. The Consolidating Statements of Net Assets Information and the Consolidating Statement of Revenues and Expenses Information on pages 40 to 47 are presented for the purpose of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual programs and entities, and are not a required part of the consolidated financial statements. These schedules are the responsibility of the Authority's management. Such information has been subjected to the auditing procedures applied by us in the audit of the consolidated financial statements and, in our opinion, are fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the Authority's basic consolidated financial statements. The schedule of expenditures of federal awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, on page 48 to 49 and the schedules of actual modernization costs on pages 50 to 57, as required by the U.S. Department of Housing and Urban Development, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. These schedules are the responsibility of the Authority's management. Such information has been subjected to the auditing procedures applied by us in the audit of the consolidated financial statements and, in our opinion, are fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2008, on our consideration of internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Deloitte + Touche LLP

April 18, 2008

As management of the 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, 2007. We encourage readers to consider the information presented here in conjunction with the Authority's consolidated financial statements. This Management's Discussion and Analysis focuses on the operations of the Authority and not its discretely presented component units, Rosewind Limited Partnership, Gender Road Limited Partnership, Jenkins Terrace, LLC, and Worley Terrace, LLC. Information pertaining to the discretely presented component units is located in Notes 13-16 to the consolidated financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

FINANCIAL HIGHLIGHTS

During the year ended December 31, 2007:

- The Authority's total assets decreased by $3,489,170, or 2%.
- Total liabilities decreased by $7,331,204, or 24.4%.
- Total revenues increased by $72,234,974; of this amount, $67,007,287 is due to an increase in the number of contracts being administrated by the Authority's wholly owned subsidiary, Assisted Housing Services Corporation (AHSC).
- Total expenses increased by $73,668,958; of this amount, $68,757,345 related to housing assistance payments made by AHSC.

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

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

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

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

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

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

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

BASIC CONSOLIDATED FINANCIAL STATEMENTS

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

Table 1
Consolidated Statement of Net Assets
(In millions)

	2007	2006
Assets:		
Current and other assets	$ 83.7	$ 79.9
Capital assets	91.2	98.6
Total assets	$ 174.9	$ 178.5
Liabilities:		
Current liabilities	$ 14.2	$ 21.3
Long-term liabilities	8.5	8.7
Total liabilities	22.7	30.0
Net Assets:		
Invested in capital assets – net of related debt	83.2	90.4
Restricted	9.8	9.5
Unrestricted	59.2	48.6
Total net assets	152.2	148.5
Total liabilities and net assets	$ 174.9	$ 178.5

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

MAJOR FACTORS AFFECTING THE CONSOLIDATED STATEMENT OF NET ASSETS

Current and other assets increased by $3.8 million, while liabilities decreased by $7.1 million. Current Assets include Cash and Investments that decreased by $6.4 million due to: 1) $3.6 million repayment to HUD of prior year excess funds, 2) $4.5 million for payment of current-year HAP from prior-year funding, 3) $2.1 million increase in cash and investments from interest earned, and 4) $.4 million increase from other operation changes.

Other assets increased by $10.2 million due to the Authority's investment in a Low Income Tax credit project of $5.8 million and an increase in accounts receivable by $4.5 million.

Capital Assets decreased by $7.4 million due primarily to acquisitions of assets ($9.4 million) less current-year depreciation ($10.1 million) and retirement of Assets ($6.7 million).

Table 2
Change of Unrestricted Net Assets
(In millions)

Unrestricted Net Assets — December 31, 2006	$ 48.6
Results of operations	3.8
Depreciation (1)	10.1
Capital expenditures	(9.4)
Change in restricted assets	0.3
Change in other investments	5.8
Unrestricted Net Assets — December 31, 2007	$ 59.2

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

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

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

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

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

	2007	2006
Revenues:		
Rental income	$ 5.3	$ 5.5
Operating subsidy and grants	34.6	34.4
Subsidy for housing assistance payment	453.7	380.4
Capital grants	9.1	11.9
Investment income	1.8	1.5
Other income	4.2	1.8
Gain in sale of property	(0.5)	0.7
Total revenues	508.2	436.2

	2007	2006
Expenses:		
Administrative	$ 28.4	$ 27.0
Utilities	3.4	3.3
Maintenance and operations	5.6	6.7
Protective services	0.5	0.5
General	2.3	2.3
Housing assistance payment	453.7	380.4
Interest expense	0.4	0.4
Depreciation	10.1	10.3
Total expenses	504.4	430.9
Change in net assets	$ 3.8	$ 5.3

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

Subsidy for Housing Assistance Payments increased substantially due to the growth of the AHSC in Ohio and Washington, D.C. Other expenses, except depreciation, increased due to inflation.

CAPITAL ASSETS

As of December 31, 2007, the Authority had $91.2 million invested in Capital Assets as reflected in the schedule below, which represents a net decrease (additions, deductions, and depreciation) of $7.4 million from the end of last year:

Table 4
Capital Assets at December 31, 2007
Net of Depreciation
(In millions)

	2007	2006
Land	$ 2.9	$ 2.9
Buildings	221.0	224.2
Equipment	6.0	5.9
Accumulated depreciation	(146.8)	(139.8)
Construction in process	8.1	5.4
Total	$ 91.2	$ 98.6

The following reconciliation summarizes the change in Capital Assets:

Table 5
Change in Capital Assets
(In millions)

Beginning balance	$ 98.6
Additions	9.4
Retirements — net of depreciation	(6.7)
Depreciation	(10.1)
Ending balance	$ 91.2
Major activities for this year were:	
Modernization of units	$ 3.4
Construction of new units	5.7
Equipment purchases	0.3
Total additions	$ 9.4

As of December 31, 2007, the Authority has $8 million in debt (bonds and notes) outstanding, including the current portion of $0.3 million compared to $8.3 million last year, a $0.3 million decrease.

Table 6
Outstanding Debt
(In millions)

	2007	**2006**
Business type:		
Energy program	$ 2.7	$ 3.0
Capital improvements	5.3	5.3
Less current portion	(0.3)	(0.3)
Total	$ 7.7	$ 8.0

ECONOMIC FACTORS

Significant economic factors affecting the Authority in 2007 are as follows:

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

COLUMBUS METROPOLITAN HOUSING AUTHORITY

CONSOLIDATED STATEMENT OF NET ASSETS
AS OF DECEMBER 31, 2007

ASSETS

CURRENT ASSETS:	
Cash and cash equivalents — including restricted cash of $13,838,219	$ 23,279,071
Accounts receivable — net:	
Tenants — net of allowance for doubtful accounts of $13,858	183,958
HUD	5,097,557
Other — net of allowance for doubtful accounts of $1,028,386	3,248,804
Notes receivable from discretely presented component units	50,000
Investments	5,800,000
Investments — legally restricted	2,709,873
Inventory	194,442
Prepaid items and other	525,002
Total current assets	41,088,707
NONCURRENT ASSETS:	
Notes receivable from related party	2,015,820
Notes receivable from discretely presented component units — net of allowance of $1,791,731	25,868,015
Capital assets:	
Land	2,948,387
Other property and equipment — net of accumulated depreciation of $146,798,963	88,302,232
Other noncurrent assets	14,731,266
Total noncurrent assets	133,865,720
TOTAL	$ 174,954,427

LIABILITIES

CURRENT LIABILITIES:	
Accounts payable:	
Trade	$ 5,675,073
HUD	674,208
Other	231,153
Accrued expenses	1,361,531
Deferred credits	5,448,304
Trust and deposit liabilities	470,263
Bonds and notes payable — current	337,785
Total current liabilities	14,198,317
NONCURRENT LIABILITIES:	
Bonds payable	5,245,000
Notes payable	2,391,527
Accrued compensated absences — noncurrent portion	207,754
Other liabilities	643,365
Total noncurrent liabilities	8,487,646
Total liabilities	22,685,963
NET ASSETS:	
Invested in capital assets — net of related debt	83,276,307
Restricted	9,809,336
Unrestricted	59,182,821
Total net assets	152,268,464
TOTAL	$ 174,954,427

See notes to consolidated financial statements.

COLUMBUS METROPOLITAN HOUSING AUTHORITY

CONSOLIDATED BALANCE SHEET — COMPONENT UNITS
AS OF DECEMBER 31, 2007

ASSETS	Rosewind Limited Partnership	Gender Road Limited Partnership	Jenkins Terrace LLC	Worley Terrace LLC	Total
RENTAL PROPERTY:					
Buildings	$25,823,047	$ 8,141,186	$12,000,887	$ -	$ 45,965,120
Furniture and fixtures	456,965	60,555	386,343		903,863
Construction in process		12,864		6,666,275	6,679,139
Less accumulated depreciation	(8,865,843)	(2,161,185)	(194,061)		(11,221,089)
Net rental property	17,414,169	6,053,420	12,193,169	6,666,275	42,327,033
CASH	112,491	414,962	101,464		628,917
CASH RESERVES	1,262,168	421,774	3,974,893		5,658,835
ACCOUNTS RECEIVABLE	77,319	8,096	986	20,290	106,691
MONITORING FEES	9,500				9,500
INVESTMENTS RESTRICTED				1,707,988	1,707,988
OTHER ASSETS	73,894	27,334	151,996	85,163	338,387
TOTAL	$18,949,541	$ 6,925,586	$16,422,508	$8,479,716	$ 50,777,351

LIABILITIES AND PARTNERS'/MEMBER'S EQUITY	Rosewind Limited Partnership	Gender Road Limited Partnership	Jenkins Terrace LLC	Worley Terrace LLC	Total
LIABILITIES:					
Accounts payable — trade	$ 133,345	$ 464,884	$ 39,519	$ 474,686	$ 1,112,434
Accrued expenses	54,671	29,191	1,917,636		2,001,498
Tenants' security deposits	50,845	26,529	24,696		102,070
Accrued interest				48,125	48,125
Bonds payable				7,000,000	7,000,000
Notes payable to primary government	18,946,789	6,290,082	2,472,874		27,709,745
Total liabilities	19,185,650	6,810,686	4,454,725	7,522,811	37,973,872
PARTNERS'/MEMBER'S EQUITY:					
General partners'/member's equity	(236,109)	(2,282)	8,162,611	956,905	8,881,125
Limited partners		533,962	5,083,891		5,617,853
Less note receivable from limited partners		(416,780)	(1,278,719)		(1,695,499)
Total partners'/member's equity	(236,109)	114,900	11,967,783	956,905	12,803,479
TOTAL	$18,949,541	$ 6,925,586	$16,422,508	$8,479,716	$ 50,777,351

See notes to consolidated financial statements.

COLUMBUS METROPOLITAN HOUSING AUTHORITY

CONSOLIDATED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2007

OPERATING REVENUES:	
Rental	$ 5,319,739
Other	4,247,721
Total operating revenues	9,567,460
OPERATING EXPENSES:	
Housing assistance payments	453,742,234
Depreciation	10,111,217
Administration	28,377,352
Tenant services	185,265
Utilities	3,357,345
Ordinary maintenance and operations	5,540,122
Protective services	539,830
General expenses	2,322,896
Nonroutine maintenance	
Total operating expenses	504,176,261
OPERATING LOSS	(494,608,801)
NONOPERATING REVENUES (EXPENSES):	
HUD grants	488,373,333
HUD capital grants	9,139,131
Interest income	1,784,902
Interest expense	(378,607)
Gain on disposal of assets	(467,924)
Total nonoperating revenues (expenses)	498,450,835
CHANGE IN NET ASSETS	3,842,034
NET ASSETS — Beginning of year	148,426,430
NET ASSETS — End of year	$ 152,268,464

See notes to consolidated financial statements.

COLUMBUS METROPOLITAN HOUSING AUTHORITY

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN EQUITY — COMPONENT UNITS FOR THE YEAR ENDED DECEMBER 31, 2007

	Rosewind Limited Partnership	Gender Road Limited Partnership	Jenkins Terrace LLC	Worley Terrace LLC	Total
REVENUES:					
Rental	$ 1,018,119	$ 452,627	$ 237,827	$ -	$ 1,708,573
Other	18,569	37,916			56,485
Interest	65,778	16,081	272,052	290,878	644,789
Total revenues	1,102,466	506,624	509,879	290,878	2,409,847
EXPENSES:					
Depreciation	834,520	299,493	194,061		1,328,074
Maintenance and decorating	254,152	131,228	48,814		434,194
Administrative and personnel	205,181	93,409	98,474	104,113	501,177
Water and sewer	142,523	61,234	15,472		219,229
Insurance expense	98,767	36,740	11,118		146,625
Management fee	54,195	39,585	25,305		119,085
Payment in lieu of taxes	27,379	8,305	3,347		39,031
Utilities	60,534	16,573	46,569		123,676
Interest expense			15,674	225,898	241,572
Audit and tax return	10,000	7,800			17,800
Bad debts	58,754	25,047			83,801
Asset management fee	8,208	5,052	46,434		59,694
Amortization	1,900	792			2,692
Total expenses	1,756,113	725,258	505,268	330,011	3,316,650
NET INCOME (LOSS)	(653,647)	(218,634)	4,611	(39,133)	(906,803)
EQUITY — Beginning of year	417,538	281,644	5,007,237	652,113	6,358,532
CURRENT-YEAR CONTRIBUTIONS		51,890	6,955,935	343,925	7,351,750
EQUITY — End of year	$ (236,109)	$ 114,900	$ 11,967,783	$ 956,905	$ 12,803,479

See notes to consolidated financial statements.

COLUMBUS METROPOLITAN HOUSING AUTHORITY

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2007

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from tenants	$ 5,397,219
Cash payments to suppliers for goods and services	(26,760,939)
Cash paid for salaries and benefits	(12,826,364)
Housing assistance payments	(453,742,234)
Other receipts	1,629,479
Other payments	50,000
Net cash used in operating activities	(486,252,839)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES — HUD operating subsidies and grants	479,787,121
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
HUD capital grants	9,480,428
Property and equipment additions	(4,142,372)
Repayment of debt	(316,769)
Interest paid on debt	(380,093)
Proceeds from the sale of capital assets	533,425
Notes and mortgages receivable from the sale of assets	(1,441,203)
Investment in component unit	(5,763,958)
Net cash used in capital and related financing activities	(2,030,542)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of investments	(8,333,953)
Proceeds from maturity of investments	12,590,810
Interest income	2,060,647
Net cash provided by investing activities	6,317,504
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,178,756)
CASH AND CASH EQUIVALENTS BALANCE (including restricted cash of $17,239,704) — Beginning of year	25,457,827
CASH AND CASH EQUIVALENTS BALANCE (including restricted cash of $13,838,219) — End of year	$ 23,279,071
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:	
Operating loss	$(494,608,801)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	10,111,217
Provision for uncollectible accounts	712,036
Amortization of bond issuance costs	6,375
Change in operating assets and liabilities:	
Accounts receivable — tenants	18,327
Accounts receivable — other	(3,353,113)
Inventory	(4,045)
Prepaid items and other	(87,639)
Accounts payable — trade and HUD	871,489
Accrued expenses and other accounts payable	(13,489)
Trust and deposit liabilities and deferred credits	94,804
NET CASH USED IN OPERATING ACTIVITIES	$(486,252,839)

See notes to consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

Worley Terrace, LLC — Worley Terrace, LLC was formed on February 22, 2006, for the 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's financial statements are prepared on the accrual basis of accounting in accordance with GAAP as prescribed by the FASB Statements and Interpretations. Because of Worley Terrace, LLC's dependency on the Authority, a component unit relationship is deemed to exist. See Note 16 to the consolidated financial statements for additional disclosures regarding Worley Terrace, LLC.

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

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

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

A summary of each of these funds is provided below:

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

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

2. *Housing Assistance Payments* — Under Section 8 of the 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.

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

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

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

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

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

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

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

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

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

A summary of changes in the accrued compensated absences is as follows:

	Balance December 31, 2006	Increase	Decrease	Balance December 31, 2007	Due Within One Year
Accrued compensated absences	$395,789	$ 1,108	$ -	$396,897	$189,143

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

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

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

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

	Balance December 31, 2006	Increase	Decrease	Balance December 31, 2007
Family Self-Sufficient Program deposits	$427,719	$ 87,395	$ -	$515,114
Other	112,170	16,081		128,251
Total	$539,889	$103,476	$ -	$643,365

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

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

New Accounting Standards Not Yet Implemented — In December 2006, the GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations.* This Statement identifies the circumstances under which a governmental entity would be required to report a liability related to pollution remediation. This Statement is effective for periods beginning after December 15, 2007. Management has determined that the implementation of GASB Statement No. 49 will not have an effect on its reported consolidated financial statements.

In May 2007, GASB issued Statement No. 50, *Pension Disclosures — an amendment of GASB Statements No. 25 and No. 27.* This Statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to the financial statement or presented as required supplementary information by pension plans and by employers who provide pension benefits. This Statement is effective for periods beginning after June 15, 2007. Ohio Public Employees Retirement System has not completed an analysis of the impact of this standard on the Authority's reported consolidated financial statements. Consequently, management has not determined the effect this may have on its financial statements.

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

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

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

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

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

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

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

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

2. 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.

3. 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 two percent and be mark-to-market daily, and that the term of the agreement must not exceed thirty days.

4. Bonds and other obligations of the State of Ohio.

5. 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.

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

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

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

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

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

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

Cash and cash equivalents of the Authority as of December 31, 2007, are as follows:

Active deposits:	
Deposits with financial institutions	$13,096,172
STAR Ohio	10,182,899
Carrying balance	$23,279,071

At year-end, the carrying amount of the Authority's deposits was $13,390,992, and the total bank balance was $15,474,919, the difference representing outstanding checks and other in-transit items. Of the bank balance, $500,000 was covered by federal depository insurance, $300 was maintained in petty cash funds, and the remainder is uncollateralized as defined by the GASB (covered by collateral pools held by third-party trustees pursuant to Section 135.181 of the Ohio Revised Code in collateral pools securing all public funds on deposit with specific depository institutions, but not in the Authority's name).

At December 31, 2007, the Authority had $10,182,899 held in STAR Ohio. STAR Ohio is a highly liquid investment pool with participation restricted to subdivisions of the State of Ohio. Under Ohio Revised Code Section 135.143, STAR Ohio is restricted to investing in obligations of the U.S. government and other instruments issued by the State of Ohio and its political subdivisions. Due to the highly liquid nature of the fund, STAR Ohio resembles a money market fund and, therefore, has been treated as a cash equivalent by the Authority in the consolidated financial statements. The Authority's investment in the pool is not subject to custodial credit risk categorization, because it is not evidenced by securities that exist in physical or book entry form.

Investments — As of December 31, 2007, the Authority had the following investments and maturities:

	Fair Value	Maturity Date	Credit Rating S & P/Moody's
CD	$ 2,514,127	January 22, 2008	A-1+/Prime-1
CD	5,200,000	December 1, 2008	A-2+/Prime-1
CD	77,776	March 6, 2008	N/A
CD	100,000	April 18, 2008	N/A
CD	100,000	April 18, 2008	N/A
CD	100,000	April 18, 2008	N/A
CD	100,000	April 18, 2008	N/A
CD	100,000	April 18, 2008	N/A
CD	100,000	October 5, 2008	N/A
Mutual Funds	47,376	N/A	N/A
Guaranteed Investment Contract	70,594	N/A	N/A
Total	$ 8,509,873		

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

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

CDs	98.6 %
Guaranteed Investment Contract	0.8
Mutual Funds	0.6
Total	100 %

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

As of December 31, 2007, the Authority maintains cash balances of $13,838,219 and investments of $2,709,873, which are restricted as to their use. Of these amounts, $7,299,760 is restricted to funding construction of housing and repaying related debt, $5,995,936 for Housing Assistance Payments, and $3,252,396 is restricted for other purposes.

3. NOTES RECEIVABLE

In March 1997, the Authority entered into a Loan Agreement (the "Rosewind Note") with Rosewind Limited Partnership, a component unit of the Authority (see Note 10), for the construction of low-income housing. The Rosewind Note matures 35 years from the date of the Rosewind Note and is payable in annual installments of $25,000 without interest until maturity, when the remaining balance is due. The balance of the Rosewind Note is $18,946,789, and is presented net of allowance for doubtful accounts of $1,327,684 as of December 31, 2007.

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

In August 2000, the Authority entered into a Promissory Note (the "Gender Road Note") with Gender Road Limited Partnership, a component unit of the Authority (see Note 10), for the purchase of low-income housing for a maximum amount of $10,000,000 without interest. The Gender Road Note agreement provides that Gender Road Limited Partnership will make minimum annual payments to the Authority in the amount of $25,000, and the remaining balance of the principal will be due 35 years from the date of the Gender Road Note. The balance of the Gender Road Note is $6,290,083, and is presented net of allowance for doubtful accounts of $464,047 at December 31, 2007.

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

In October 2002, the Authority entered into a Promissory Note (the "Waggoner Note") with Waggoner Senior Housing Limited Partnership (see Note 10) for the development of low-income housing in the amount of $262,000. The Waggoner Note agreement has an annual interest rate of 4.9% and provides that payments are deferred until cash flows are sufficient to make payments, and the entire balance of principal and all unpaid interest shall be due and payable 40 years from the date of the Waggoner Note. The balance of the Waggoner Note is $261,990 at December 31, 2007.

In December 2002, the Authority entered into a Construction Loan (the "Waggoner Construction Loan") with Waggoner Senior Housing Limited Partnership (see Note 10) for the development of low-income housing. In 2006, the construction on the 75 unit housing project was completed, and the Waggoner Construction Loan in the amount of $1,753,830 was issued to Waggoner Senior Housing Limited Partnership. The Waggoner Construction Loan has an annual interest rate of 0.5% and provides that all payments are deferred until cash flows are sufficient to make payments, and the entire balance of principal and all unpaid interest shall be due and payable 40 years from the date of the Waggoner Construction Loan. The balance of the Waggoner Construction Loan is $1,753,830 at December 31, 2007.

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

In August 2005, the Authority entered into a Promissory Note (the "Jenkins Note") with Jenkins Terrace, LLC (see Note 10) for the development of low-income elderly housing in the maximum amount of $14,000,000. The Jenkins Note was amended in December 2007 to convert $8,162,470 of the loan amount to a Capital Contribution. The Jenkins Note agreement has an annual interest rate of 0.5% and was modified to limit the note amount to Jenkins Terrace, LLC's Investor Member equity contributions. The balance of the Jenkins Note is $2,472,874 at December 31, 2007.

The Jenkins Note is collateralized by an open-end mortgage granting the Authority a security interest in certain real property of Jenkins Terrace, LLC.

In February 2006, the Authority entered into an agreement with Worley Terrace, LLC (see Note 10) whereby the Authority will provide a Capital Contribution of $7,810,325 and a promissory note (the "Worley Note") of $2,500,000 for the development of low-income elderly housing. The Worley Note has an annual interest rate of 8% and provides that payment are deferred until cash flows are sufficient to make payments, and the entire balance of principal and interest is due no later than ninety days after qualified occupancy.

The Worley Note is collateralized by an open-end mortgage granting the Authority security interest in certain real property of Worley Terrace, LLC. As of December 31, 2007, Worley Terrace, LLP has not drawn on the Worley Note.

4. CAPITAL ASSETS

The changes in capital assets during the year ended December 31, 2007, are as follows:

	Balance December 31, 2006	Additions	Disposals	Transfers	Balance December 31, 2007
Land	$ 2,913,930	$ 39,841	$ (5,384)	$ -	$ 2,948,387
Site improvements	28,901,816	84,523	(107,293)	38,007	28,917,053
Buildings	183,793,838		(3,929,116)	681,398	180,546,120
Community buildings	11,456,859		(940)	44,843	11,500,762
Other capital assets	5,918,118	218,278	(73,817)		6,062,579
Construction in process	5,423,778	9,143,477	(55,310)	(6,437,264)	8,074,681
Total	238,408,339	9,486,119	(4,171,860)	(5,673,016)	238,049,582
Accumulated depreciation	(139,788,770)	(10,111,217)	3,101,024		(146,798,963)
Capital assets — net	$ 98,619,569	$ (625,098)	$ (1,070,836)	$ (5,673,016)	$ 91,250,619

5. PAYMENT IN LIEU OF TAXES

The Authority has executed a Cooperation Agreement with the City of Columbus that provides for tax exemption of the housing projects, but requires the Authority to make payments in lieu of taxes for municipal services received based upon a prescribed formula related to rental income. In 2007, those payments totaled $276,035.

6. RISK MANAGEMENT

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

The Authority is a member of HARRG, which is a comprehensive general liability insurance group operated as a joint venture by its 742 public housing authority members. Through HARRG, the Authority carries $5,000,000 of general liability coverage, with a $10,000 deductible, as well as $1,000,000 of law enforcement liability, with a $10,000 deductible; $1,000,000 of public officials' errors and omissions coverage, with a $50,000 deductible; and $100, 000 coverage for mold or other fungus, with a $25,000 deductible. The Authority paid $187,287 in premiums to HARRG for the year ended December 31, 2007.

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

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

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

7. BONDS AND NOTES PAYABLE

A rollforward of the Authority's long-term debt in 2007 is as follows:

	Balance December 31, 2006	**Increase**	**Decrease**	**Balance December 31, 2007**	**Due Within One Year**
Bonds payable	$ 5,345,000	$ -	$ 45,000	$ 5,300,000	$ 55,000
Notes payable	2,946,081		271,769	2,674,312	282,785
Total	$ 8,291,081	$ -	$ 316,769	$ 7,974,312	$ 337,785

Bonds Payable — In December 2002, New Village Homes issued $5,420,000 of Columbus Metropolitan Housing Authority Multifamily Housing Mortgage Revenue Bonds, Series 2003A for the construction of the New Village Homes Project. Principal payments are due at various intervals, with the balance due on November 20, 2044. The interest rate is 5.4%. The future debt service at December 31, 2007, is as follows:

Maturity Date	Principal Amount	Interest Amount	Total
2008	$ 55,000	$ 265,699	$ 320,699
2009	50,000	263,522	313,522
2010	55,000	261,499	316,499
2011	55,000	259,199	314,199
2012–2016	330,000	1,254,992	1,584,992
2017–2021	425,000	1,162,269	1,587,269
2022–2026	550,000	1,043,100	1,593,100
2027–2031	725,000	884,481	1,609,481
2032–2036	945,000	674,450	1,619,450
2037–2041	1,235,000	398,483	1,633,483
2042–2044	875,000	72,533	947,533
Total	$5,300,000	$6,540,227	$11,840,227

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

Debt service requirements of the notes payable at December 31, 2007, are as follows:

Maturity Date	Principal	Interest	Total
2008	$ 282,785	$101,317	$ 384,102
2009	294,248	89,854	384,102
2010	306,175	77,927	384,102
2011	318,585	65,517	384,102
2012	331,499	52,603	384,102
2013 — 2016	1,141,020	75,300	1,216,320
Total	$2,674,312	$462,518	$3,136,830

8. PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS

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

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

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

The Authority's contributions to OPERS, representing 100% of employer contributions, were $1,347,058, $1,337,370, and $1,319,379 for the years ended December 31, 2007, 2006, and 2005, respectively.

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

- OPERS provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an OPEB as described in GASB Statement No. 12, *Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers*, and meets the definition of OPEB as described in GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.* A portion of each contribution to OPERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 2007 employer contribution rate for state employers was 13.77% of covered payroll; 5% was the portion that was used to fund health care from January 1, 2007 through June 30, 2007, and 6% from July 1, 2007 through December 31, 2007. Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for finding of postemployment health care benefits. The portion of the Authority's 2007 and 2006 contributions that were used to fund postemployment benefits was $537,487 and $389,155, respectively.

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

- The assumptions and calculations below were based on OPERS's latest Actuarial Review performed as of December 31, 2006. An individual entry age actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor. The investment assumption rate for 2006 was 6.5%. An annual increase of 4% compounded annually is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4% base increase, were assumed to range from 0.5% to 6.3%. Health care costs were assumed to increase at the projected wage inflation rate, plus an additional factor ranging from 0.5% to 5% for the next eight years. In subsequent years (nine and beyond), health care costs were assumed to increase 4% (the projected wage inflation rate).

- OPEBs are advance-funded on an actuarially determined basis. As of December 31, 2006, the actuarial value of OPERS's net assets available for OPEB was $12 billion. The number of active contributing participants used in the December 31, 2006, actuarial valuation was 362,130. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were $30.7 billion and $18.7 billion, respectively.

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

9. DEFERRED COMPENSATION

The Authority offers its employees a deferred compensation plan created in accordance with IRC Section 457. The plan, available to all regular employees, permits them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. The Authority made no contributions to the plan in 2007.

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.

10. RELATED ENTITIES

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

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

For the year ended December 31, 2007, the Authority has not incurred any accounts payable to Rosewind Limited Partnership for pass-through funds to subsidiaries. Additionally, the Authority has outstanding notes receivable (see Note 3) for the sale of the property.

In March 1998, Franklin County, Ohio, issued $14 million in tax-exempt bonds on behalf of Rosewind Limited Partnership, as the borrower. The proceeds of the bond issuance were used to repay the promissory note agreements owed to the Authority by Rosewind Limited Partnership. The Authority, in turn, pledged the monies and subsequent interest earned, on behalf of Rosewind Limited Partnership, as collateral for the repayment of the tax-exempt bonds issued and interest expense incurred on the bonds. A principal payment in the amount of $25,000 was made during 2007. There were no amounts held in escrow at December 31, 2007.

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

Rosewind Limited Partnership is allocated Federal Low-Income Housing Tax Credits under the program described by IRC Section 42. These tax credits are not reflected in the accompanying financial statements of the Authority or Rosewind Limited Partnership and, therefore, have not been audited. However, the Partnership Agreement provides for a credit reduction payment. In the event that the total amount of tax credits obtained is less than the total amount projected, the Limited Partners shall reduce their required capital contribution by the amount of the shortfall (as defined in the Partnership Agreement). Further, if the full amount of annual tax credits is not obtained, the General Partner of the project partnership is obligated to pay the Limited Partners the amount of the shortfall. Under the terms of the Partnership Agreement, Rosewind General Partner is required to provide the Limited Partner a maximum of $1,331,406 for this purpose. No credit reduction payments were made during 2007 or 2006. The General Partner does not receive a fee under this provision.

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

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

For the year ended December 31, 2007, the Authority has not incurred any accounts payable to Gender Road Limited Partnership for pass-through funds to subsidiaries. Additionally, the Authority has outstanding notes receivable (see Note 3) for the sale of the property.

In August 2000, Franklin County, Ohio, issued $6 million in tax-exempt bonds on behalf of Gender Road Limited Partnership, as borrower. The proceeds of the bond issuance were used to repay the promissory note agreements owed to the Authority by Gender Road Limited Partnership. The Authority, in turn, pledged the monies and subsequent interest earned, on behalf of Gender Road Limited

Partnership, as collateral for the repayment of the tax-exempt bonds issued and interest expense incurred on the bonds. A principal payment in the amount of $25,000 was made during 2007.

Gender Road Limited Partnership is allocated Federal Low-Income Housing Tax Credits under the program described by IRC Section 42. These tax credits are not reflected in the accompanying financial statements of the Authority or Gender Road Limited Partnership and, therefore, have not been audited. However, the Partnership Agreement provides for a credit reduction payment. In the event that the total amount of tax credits obtained is less than the total amount projected, the Limited Partners shall reduce their required capital contribution by the amount of the shortfall (as defined in the Partnership Agreement). Further, if the full amount of annual tax credits is not obtained, the General Partner of the project partnership is obligated to pay the Limited Partners the amount of the shortfall. Under the terms of the Partnership Agreement, Gender Road General Partner is required to provide the Limited Partner a maximum of $600,000 for this purpose. No credit reduction payments were made during 2007. The General Partner does not receive a fee under this provision.

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

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

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

For the year ended December 31, 2007, the Authority has not incurred any accounts payable to Jenkins Terrace, LLC for pass-through funds to subsidiaries. Additionally, the Authority has outstanding notes receivable (see Note 3) for the sale of the property.

In August 2005, Franklin County, Ohio, issued $6.8 million in tax-exempt bonds on behalf of Jenkins Terrace, LLC, as borrower. The proceeds of the bond issuance were used to repay the promissory note agreements owed to the Authority by Jenkins Terrace, LLC. The Authority, in turn, pledged the monies and subsequent interest earned, on behalf of Jenkins Terrace, LLC, as collateral for the repayment of the tax-exempt bonds issued and interest expense incurred on the bonds. The funds held in escrow were in the name of Jenkins Terrace, LLC and were recorded in Jenkins Terrace, LLC's financial statements. At December 31, 2007, the balance was $2,472,874.

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

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

For the year ended December 31, 2007, the Authority has not incurred accounts payable to Waggoner Road, LLC for pass-through funds to subsidiaries. Additionally, the Authority has outstanding notes receivable (see Note 3) for amounts loaned to Waggoner Senior Housing Limited Partnership in connection with this development.

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

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

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

For the year ended December 31, 2007, the Authority has not incurred any accounts payable for pass-through funds to subsidiaries.

In November 2006, Franklin County, Ohio, issued $7 million in tax-exempt bonds on behalf of Worley Terrace, LLC, as borrower. The proceeds of the bond issuance were used to repay the promissory note agreements owed to the Authority by Worley Terrace, LLC. The Authority, in turn, pledged the monies and subsequent interest earned, on behalf of Worley Terrace, LLC, as collateral for the repayment of the tax-exempt bonds issued and interest expense incurred on the bonds. The funds held in escrow were in the name of Worley Terrace, LLC and were recorded in Worley Terrace, LLC's financial statements. At December 31, 2007, the balance was $1,707,988.

Upon completion of the construction project, Worley Terrace, LLC will be allocated Federal Low-Income Housing Tax Credits under the program described by IRC Section 42. These tax credits are not reflected in the accompanying financial statements of the Authority or Worley Terrace, LLC and, therefore, have not been audited.

11. UNCOMPLETED CONTRACTS

At December 31, 2007, the Authority has commitments of $1,385,651 in uncompleted contracts for the Capital Grant Program.

12. CONTINGENT LIABILITIES

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

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

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

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

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

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

Summary of Significant Accounting Policies —

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

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

Buildings	15–40 years
Furniture and fixtures	7 years

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

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

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

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

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

Cash Reserves — Cash reserves at December 31, 2007, included the following:

Tenants' security deposits	$ 50,978
Rental payment escrow	2,592
Replacement reserve	447,742
Exit tax escrow	760,856
Total	$ 1,262,168

Other Assets — Other assets at December 31, 2007, included the following:

Prepaid insurance	$ 73,610
Prepaid contracts	284
Total	$ 73,894

Note Payable — The Partnership has a note payable to the Authority in the amount of $18,946,789 at December 31, 2007. The note does not bear interest and is payable as funds are available. The note matures in 2032. Proceeds of this note were to be used for construction and operating expenditures. The note is secured solely by the Partnership property.

Related-Party Transactions — A management fee based on 5% of the gross rental receipts is payable to the Authority. Management fees amounting to $54,195 were charged to expense in 2007.

All operating expenses are initially incurred and paid by the Authority. The Partnership reimburses the Authority for its monthly expenses. As of December 31, 2007, the Partnership owed the Authority $76,265. These amounts are included in accounts payable — trade in the accompanying balance sheets.

The Partnership also receives a subsidy from HUD that passes through the Authority. As of December 31, 2007, the Authority owed the Partnership $2,045. These amounts are included in the accounts receivable in the accompanying balance sheets.

The Partnership Agreement provides that annual asset management fees be paid to Ohio Capital Corporation for Housing (OCCH). The fee is $6,000 for the first year and increases 4% annually, as set forth in the Partnership Agreement. Asset management fees in the amount of $8,208 were charged to expense in 2007.

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

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

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

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

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

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

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

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

Summary of Significant Accounting Policies —

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

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

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

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

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

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

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

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

Cash Reserves — Cash reserves at December 31, 2007, included the following:

Operating reserve	$ 328,149
Tenants' security deposits	27,096
Replacement reserve	66,529
Total	$ 421,774

Other Assets — Other assets at December 31, 2007, included the following:

Prepaid insurance	$ 21,001
Compliance monitoring fee — net	6,333
Total other assets	$ 27,334

Bonds and Note Payable — The Partnership has a $10,000,000 open-end mortgage with the Authority. The Partnership is required to make minimum annual payments of $25,000 per year. At December 31, 2007, the outstanding balance on the loan was $6,290,082. The loan does not bear interest and is due on July 31, 2035. The mortgage is secured solely by the Partnership property.

Related-Party Transactions — The note receivable from the Limited Partners in the amount of $416,780 as of December 31, 2007, is for the subscribed capital contributions. The note is secured solely by the Limited Partners' interest in the Partnership. The balance is due in installments ranging from $51,890 to $313,000 through the year 2011.

The Partnership Agreement provides that an annual asset management fee be paid to Ohio Capital Corporation for Housing (OCCH). The fee is $4,000 for the first year and increases 4% annually, as set forth in the Partnership Agreement. Asset management fees in the amount of $5,052 were charged to expense in 2007.

Management fees are based on $35 per occupied unit per month and are payable to the Authority. Management fees amounting to $39,585 were charged to expense in 2007.

All operating expenses are initially incurred and paid by the Authority. The Partnership reimburses the Authority for its monthly expenses. As of December 31, 2007, the Partnership owed the Authority $77,955. These amounts are included in accounts payable — trade in the accompanying balance sheet.

The project also owed Rosewind Limited Partnership for an invoice paid on its behalf for site improvements in the amount of $17,159 at December 31, 2007. This amount is included in accounts payable — trade in the accompanying balance sheet.

Credit Reduction Payment — The Partnership is allocated Federal Low-Income Housing Tax Credits under the program described by IRC Section 42. These tax credits are not reflected in the accompanying financial statements of the Partnership and, therefore, have not been audited. However, the Partnership Agreement provides for a credit reduction payment. In the event that the total amount of tax credits obtained is less than the total amount projected, the Limited Partners shall reduce their required capital contribution by the amount of the shortfall (as defined in the Partnership Agreement). Further, if the full amount of annual tax credits is not obtained, the General Partner of the project partnership is obligated to pay the Limited Partners the amount of the shortfall. Under the terms of the Partnership Agreement, Gender Road General Partner is required to provide the Limited Partner a maximum of $600,000 for this purpose. No credit reduction payments were made during 2007. The General Partner does not receive a fee under this provision.

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

The covenant further states that 100% of the low-income units must be rented to persons with incomes at or below 60% of the area median gross income (AMGI), adjusted for family size.

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

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

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

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

Summary of Significant Accounting Policies —

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

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

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

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

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

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

Bond Closing Costs — Direct costs included in connection with obtaining bond financing have been capitalized and are being amortized over the life of the bonds using the straight-line method. These costs were fully amortized during 2007.

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

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

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

Cash Reserves — Cash reserves at December 31, 2007, included the following:

Certificate of deposit for investor contributions	$3,950,651
Tenants' security deposits	24,242
Total	$3,974,893

Other Assets — Other assets at December 31, 2007, included the following:

Compliance monitoring fee	$50,000
Tax credit fees	28,476
Total other assets	$78,476

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

Related-Party Transactions — The note receivable from the Investor Member in the amount of $1,278,719 as of December 31, 2007, is for the subscribed capital contributions. The note is secured solely by the Investor Member's interest in the Company. The balance is due in installments ranging from $177,772 to $679,575 through the year 2013.

The Operating Agreement provides that an annual asset management fee be paid to Ohio Capital Corporation for Housing (OCCH). The fee for the term of the agreement (15 years) is $65,000 and was paid in November 2007. The asset management fee will be amortized over the term of the agreement beginning in 2008.

The development agreement provides that a development fee of $1,884,700 be paid to the Authority, as affiliate of the Managing Member, for providing certain development services and guarantees for the completion of the development of the Project. The total development fee was capitalized as a depreciable cost of the rental property. The entire development fee is still owed to the Authority as of December 31, 2007. The amount was paid in full during 2008.

Monthly management fees of $35 per occupied unit are payable to the Authority. This amount increases by 3% annually. Management fees amounting to $25,305 were charged to expense in 2007.

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

All operating expenses are initially incurred and paid by the Authority. The Company reimburses the Authority for its monthly expenses. As of December 31, 2007, the Company owed the Authority $28,902. These amounts are included in accounts payable — trade in the accompanying balance sheet.

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

Credit Reduction Payment — The Company is allocated Federal Low-Income Housing Tax Credits under the program described by IRC Section 42. These tax credits are not reflected in the accompanying financial statements of the Company and, therefore, have not been audited. However, the Operating Agreement provides for a credit reduction payment. In the event that the total amount of tax credits obtained is less than the total amount projected, the Investor Member shall reduce its required capital contribution by the amount of the shortfall (as defined in the Operating Agreement). Further, if the full amount of annual tax credits is not obtained, the Managing Member of the Company is obligated to pay the Investor Member the amount of the shortfall. Under the terms of the Operating Agreement, Jenkins Terrace, LLC is required to provide the Managing Member with a maximum of $1,884,700 for this purpose. No credit reduction payments were made during 2007. The Managing Member does not receive a fee under this provision.

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

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

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

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

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

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

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

Nature and Scope of Business — Worley Terrace, LLC (the "Partnership") is organized as a limited liability company under the laws of the State of Ohio for purposes of acquiring, developing, leasing, operating, and administering 100 one-bedroom, elderly public housing units in Columbus, Ohio.

Worley Terrace, Inc. is the managing member of the limited liability corporation and has a 0.1% ownership in the Partnership. The sole stockholder of the managing member is Metropolitan Housing Partner, a wholly owned subsidiary of the Authority. The project will be managed by the Authority.

Ohio Equity Fund for Housing (OEFH) Limited Partnership XVI will have a 99.9% interest in Worley Terrace, LLC. Ohio Capital Corporation for Housing (OCCH) organized OEFH to enable corporations to take advantage of Housing Tax Credits. OCCH acts as the asset manager for OEFH Limited Partnerships.

Construction of the project commenced in January 2007. The project is expected to have a construction period of approximately 18 months and leased-up start date of July 2008.

Basis of Accounting — The financial statements are prepared on the accrual basis in accordance with GAAP, whereby revenues and expenses are recognized in the period earned or incurred. All intercompany balances and transactions have been eliminated in consolidation.

Revenue Recognition — Tenant rental revenues are recognized during the period of occupancy as earned. Other receipts are recognized when the related expenses are incurred. Cash received in advance of the service being performed are recorded as deferred revenue. Expenses are recognized as incurred.

Cash and Cash Equivalents — Worley Terrace, LLC considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

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

Equipment and vehicles	3–7 years
Building and site improvements	15 years
Buildings	40 years

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

Summary of Significant Accounting Policies —

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

Cash and Investments — The Partnership maintains two investments accounts with two financial institutions.

Risk Management — During construction, the builder of the building maintains builders risk insurance with a private carrier.

Bonds and Notes Payable — Worley Terrace, LLC is acquiring and constructing the building with funds loaned to it by the Authority and with funds available from the sale of bonds. The Authority's loan will be repaid from the sale of low-income housing tax credits. The bonds will be repaid with replacement housing factors funds received by the Authority. As of December 31, 2007, the outstanding balance on the bond payable was $7,000,000.

* * * * * *

SUPPLEMENTAL FINANCIAL DATA SCHEDULES

COLUMBUS METROPOLITAN HOUSING AUTHORITY

CONSOLIDATING STATEMENT OF NET ASSETS INFORMATION
AS OF DECEMBER 31, 2007

ASSETS	Low Rent 14.85	Section 8 Housing Choice Vouchers 14.871	DHAP 97.109	MainStream	Capital Grant 14.872	HOPE VI 14.866	Shelter Care Plus 14.238	Other Business Ventures	Section B NC S/R 14.182	AHSC 14.195	Inter-program Elimin-ations	Total
CASH AND CASH EQUIVALENTS:												
Unrestricted	$ 3,746,967	$ 531,743	$34,662	$ -	$ -	$ -	$ 93,168	$ 4,718,351	$308,096	$ 7,865	$ -	$ 9,440,852
Restricted, modernization, and development	4,583,021					53,076		149,536				4,785,633
Other restricted	7,400	553,821	38,157					1,767,528				2,366,906
Tenant security deposits	398,508							88,088				486,596
Restricted for payment of current liability		5,995,936						145,945		57,203		6,199,084
Total cash and cash equivalents	8,735,896	7,081,500	72,819	-	-	53,076	93,168	6,869,448	308,096	65,068	-	23,279,071
ACCOUNTS AND NOTES RECEIVABLE:												
Accounts receivable — HUD, other projects					324,728	8,296	5,252		194,752	4,564,529		5,097,557
Accounts receivable — miscellaneous	195,134	747,857		6,282		290,000		2,510,192				3,749,465
Allowance for doubtful accounts — miscellaneous		(728,589)		(6,282)				(89,670)				(824,541)
Accounts receivable — tenants, dwelling rent	194,694							3,122				197,816
Allowance for doubtful accounts — dwelling rent	(13,858)											(13,858)
Notes and mortgages receivable	2,553,484											2,553,484
Fraud recovery		203,845										203,845
Allowance for doubtful accounts — fraud		(203,845)										(203,845)
Accrued interest receivable	171,471	8,888						112,911				293,270
Total receivables — net allowance for doubtful accounts	3,100,925	28,156	-	-	324,728	298,296	5,252	2,536,555	194,752	4,564,529	-	11,053,193

(Continued)

COLUMBUS METROPOLITAN HOUSING AUTHORITY

CONSOLIDATING STATEMENT OF NET ASSETS INFORMATION
AS OF DECEMBER 31, 2007

	Low Rent 14.85	Section 8 Housing Choice Vouchers 14.871	DHAP 97.109	Main Stream	Capital Grant 14.872	HOPE VI 14.866	Shelter Care Plus 14.238	Other Business Ventures	Section B NC S/R 14.182	AHSC 14.195	Inter-program Elimin-ations	Total
INVESTMENTS:												
Unrestricted	$ -	$ 2,324,879	$ -	$ -	$ -	$ -	$ -	$ 3,475,121	$ -	$ -	$ -	$ 5,800,000
Restricted	2,514,127							195,746				2,709,873
Total investments	2,514,127	2,324,879	-	-	-	-	-	3,670,867	-	-	-	8,509,873
PREPAID EXPENSES AND OTHER ASSETS — Excluding accrued interest receivables	323,529	141,009						60,464				525,002
INVENTORIES	204,300											204,300
ALLOWANCE FOR OBSOLETE INVENTORIES	(9,858)											(9,858)
INTERPROGRAM RECEIVABLE	9,185			17,144							(26,329)	-
CAPITAL ASSETS:												
Land	1,396,657	699,041						852,689				2,948,387
Buildings	203,681,218							17,282,717				220,963,935
Furniture, equipment, and machinery — dwellings	3,004,829							505,284				3,510,113
Furniture, equipment, and machinery — administration		2,161,841					16,926	56,650	50,440	266,609		2,552,466
Accumulated depreciation	(142,293,174)	(1,671,572)					(16,926)	(2,500,242)	(50,440)	(266,609)		(146,798,963)
Construction in progress					8,074,681							8,074,681
Total capital assets — net of accumulated depreciation	65,789,530	1,189,310	-	-	8,074,681	-	-	16,197,098	-	-	-	91,250,619
OTHER ASSETS:												
Notes and mortgages receivable — noncurrent	25,148,971							261,990				25,410,961
Other assets	7,017	5,000						216,231				228,248
Investments and joint ventures	14,502,099							919				14,503,018
Total other assets	39,658,087	5,000	-	-	-	-	-	479,140	-	-	-	40,142,227
TOTAL	$ 120,325,721	$ 10,769,854	$ 72,819	$ 17,144	$ 8,399,409	$ 351,372	$ 98,420	$ 29,813,572	$ 502,848	$ 4,629,597	$ (26,329)	$ 174,954,427

(Continued)

COLUMBUS METROPOLITAN HOUSING AUTHORITY

CONSOLIDATING STATEMENT OF NET ASSETS INFORMATION
AS OF DECEMBER 31, 2007

LIABILITIES AND NET ASSETS	Low Rent 14.85	Section 8 Housing Choice Vouchers 14.871	DHAP 97.109	Main Stream	Capital Grant 14.872	HOPE VI 14.866	Shelter Care Plus 14.238	Other Business Ventures	Section B NC S/R 14.182	AHSC 14.195	Inter-program Elimin-ations	Total
LIABILITIES:												
Accounts payable, accrued liabilities, and other liabilities:												
Accounts payable — <90 days	$ 881,678	$ 378,771	$ -	$ -	$ 197,306	$ 8,296	$ 2,234	$ 71,747	$ -	$4,053,095	$ -	$ 5,593,127
Accounts payable — >90 days	2,044	1			79,901							81,946
Accrued wages/payroll taxes payable	388,394	244,166			17,115			20,813		5,408		675,896
Accrued compensated absences — current portion	90,269	61,418			30,405			1,934		5,117		189,143
Accrued contingent liability	39,749											39,749
Accrued interest payable	3,546							29,700				33,246
Accounts payable — HUD, PHA program				13,973		343,076	3,247		256,808	57,104		674,208
Accounts payable — other government	40,453							190,700				231,153
Tenant security deposits	393,650							76,613				470,263
Deferred revenue	195,601	5,185,874	34,662					32,167				5,448,304
Current portion of long-term debt — capital projects	282,785							55,000				337,785
Accrued liabilities — other	414,517	5,689						3,291				423,497
Interprogram payable		21,079			4,348		890	10	2		(26,329)	
Total accounts payable, accrued liabilities, and other liabilities	2,732,686	5,896,998	34,662	13,973	329,075	351,372	6,371	481,975	256,810	4,120,724	(26,329)	14,198,317

(Continued)

COLUMBUS METROPOLITAN HOUSING AUTHORITY

CONSOLIDATING STATEMENT OF NET ASSETS INFORMATION
AS OF DECEMBER 31, 2007

	Low Rent 14.85	Section 8 Housing Choice Vouchers 14.871	DHAP 97.109	Main Stream	Capital Grant 14.872	HOPE VI 14.866	Shelter Care Plus 14.238	Other Business Ventures	Section B NC S/R 14.182	AHSC 14.195	Inter-program Elimin-ations	Total
Debt and other liabilities:												
Long-term debt — net of current — capital projects	$ 2,391,527	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,245,000	$ -	$ -	$ -	$ 7,636,527
Noncurrent liabilities — other		515,114						128,251				643,365
Accrued compensated absences — noncurrent	119,649	79,512						8,593				207,754
Total debt and other liabilities	2,511,176	594,626	-	-	-	-	-	5,381,844	-	-	-	8,487,646
Total liabilities	5,243,862	6,491,624	34,662	13,973	329,075	351,372	6,371	5,863,819	256,810	4,120,724	(26,329)	22,685,963
NET ASSETS:												
Invested in capital assets — net of related debt	63,115,218	1,189,310			8,074,681			10,897,098				83,276,307
Restricted net assets	7,104,548	553,821	38,157					2,112,810				9,809,336
Unrestricted net assets	44,862,093	2,535,099		3,171	(4,347)		92,049	10,939,845	246,038	508,873		59,182,821
Total net assets	115,081,859	4,278,230	38,157	3,171	8,070,334	-	92,049	23,949,753	246,038	508,873	-	152,268,464
TOTAL	$120,325,721	$10,769,854	$72,819	$17,144	$8,399,409	$351,372	$98,420	$29,813,572	$502,848	$4,629,597	$(26,329)	$174,954,427

(Concluded)

COLUMBUS METROPOLITAN HOUSING AUTHORITY

CONSOLIDATING STATEMENT OF REVENUES AND EXPENSES INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2007

	Low Rent 14.85	Section 8 Housing Choice Vouchers 14.871	DHAP 97.109	Main stream	Capital Grant 14.872	HOPE VI 14.866	Shelter Care Plus 14.238	Other Business Ventures	Section B NC S/R 14.182	AHSC 14.195	Total
REVENUES:											
Net tenant rental revenues	$ 3,790,065	$ -	$ -	$ -	$ -	$ -	$ -	$1,529,674	$ -	$ -	$ 5,319,739
HUD, PHA operating grants	10,265,836	70,479,549		285,543	1,792,061	8,681	2,185,028		4,587,351	398,769,284	488,373,333
Capital grants					9,139,131						9,139,131
Other government grants			50,527								50,527
Interest income — unrestricted	269,561	190,449					5,595	397,342	20,007	2,901	885,855
Other revenue	477,040	60,897					2	3,589,024	5		4,126,968
Fraud recovery		70,226									70,226
Gain or loss on the sale of fixed assets	(467,557)	(367)									(467,924)
Interest income — restricted	390,340	414,923						93,784			899,047
Total revenues	14,725,285	71,215,677	50,527	285,543	10,931,192	8,681	2,190,625	5,609,824	4,607,363	398,772,185	508,396,902
EXPENSES:											
Administrative:											
Administrative salaries	2,678,045	3,352,451	2,635	25,333	266,452		150,381	425,267	59,791	120,289	7,080,644
Auditing fees	33,062	90,839					4,469	7,414	6,046	62,290	204,120
Outside management fees	6,206							82,066		16,232,200	16,320,472
Employee benefit contributions — administrative	875,568	1,078,952	840	5,835	84,939		47,821	138,003	19,378	35,364	2,286,700
Other administrative expenses	873,744	1,064,581	78		19,844	8,681	30,456	285,656	47,865	154,511	2,485,416
Total administrative expenses	4,466,625	5,586,823	3,553	31,168	371,235	8,681	233,127	938,406	133,080	16,604,654	28,377,352
Tenant services:											
Tenant services — salaries					80,063						80,063
Relocation costs											
Employee benefit contributions — tenant services					25,522						25,522
Tenant services — other	79,680										79,680
Total tenant services	79,680	-	-	-	105,585	-	-	-	-	-	185,265

(Continued)

COLUMBUS METROPOLITAN HOUSING AUTHORITY

CONSOLIDATING STATEMENT OF REVENUES AND EXPENSES INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2007

	Low Rent 14.85	Section 8 Housing Choice Vouchers 14.871	DHAP 97.109	Main stream	Capital Grant 14.872	HOPE VI 14.866	Shelter Care Plus 14.238	Other Business Ventures	Section B NC S/R 14.182	AHSC 14.195	Total
Utilities:											
Water	$ 1,468,820	$ 2,911	$ -	$ -	$ -	$ -	$ 138	$ 31,866	$ 198	$ -	$ 1,503,933
Electricity	903,310	73,475					3,500	74,364	4,952		1,059,601
Gas	734,250	(57)					(3)	59,630	(9)		793,811
Total utilities	3,106,380	76,329	-	-	-	-	3,635	165,860	5,141	-	3,357,345
Ordinary maintenance and operations:											
Labor	2,120,332	23,936					1,224	70,740	1,628		2,217,860
Materials and other	920,321	51,980					1,610	28,780	2,751		1,005,442
Contract costs	1,387,309	96,048					3,393	115,597	5,372		1,607,719
Employee benefit contributions — maintenance and operations	689,034	7,704					389	11,446	528		709,101
Total ordinary maintenance and operations	5,116,996	179,668	-	-	-	-	6,616	226,563	10,279	-	5,540,122
Protective services:											
Protective services — labor					298,769						298,769
Protective services — other contract costs					137,660			8,160			145,820
Employee benefit contributions — protective services					95,241						95,241
Total protective services	-	-	-	-	531,670	-	-	8,160	-	-	539,830
General expenses:											
Insurance premiums	410,532	69,666					2,294	68,371	4,734	133,642	689,239
Other general expenses	1,032,195	26,942									1,059,137
Payments in lieu of taxes and other real estate tax expense	40,267							235,768			276,035
Bad debt — tenant rents	264,768							6,814			271,582
Bad debt — other											-
Interest expense	111,970							266,637			378,607
Severance expense	18,320	5,511					1	3,068	3		26,903
Total general expenses	1,878,052	102,119	-	-	-	-	2,295	580,658	4,737	133,642	2,701,503

(Continued)

COLUMBUS METROPOLITAN HOUSING AUTHORITY

CONSOLIDATING STATEMENT OF REVENUES AND EXPENSES INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2007

	Low Rent 14.85	Section 8 Housing Choice Vouchers 14.871	DHAP 97.109	Main stream	Capital Grant 14.872	HOPE VI 14.866	Shelter Care Plus 14.238	Other Business Ventures	Section B NC S/R 14.182	AHSC 14.195	Total
Other expenses:											
Nonroutine maintenance	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Housing assistance payments		65,341,541	8,817	251,204			2,015,086		4,378,825	381,746,761	453,742,234
Depreciation expense	9,147,399	249,890						713,928			10,111,217
Total other expenses	9,147,399	65,591,431	8,817	251,204	-	-	2,015,086	713,928	4,378,825	381,746,761	463,853,451
Total expenses	23,795,132	71,536,370	12,370	282,372	1,008,490	8,681	2,260,759	2,633,575	4,532,062	398,485,057	504,554,868
OTHER FINANCING SOURCES (USES):											
Operating transfers in	783,571										783,571
Operating transfers out					(783,571)						(783,571)
Special item											
Total other financing sources (uses)	783,571	-	-	-	(783,571)	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF TOTAL REVENUES OVER (UNDER) TOTAL EXPENSES	$(8,286,276)	$ (320,693)	$38,157	$ 3,171	$9,139,131	$ -	$ (70,134)	$2,976,249	$ 75,301	$ 287,128	$ 3,842,034

(Concluded)

COLUMBUS METROPOLITAN HOUSING AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:		
Direct Programs:		
Low-Rent Public Housing — PHA-Owned and Leased	14.850	$ 10,265,836
Revitalization of Severely Distressed Public Housing	14.866	8,681
Public Housing Capital Fund Program	14.872	10,931,192
Subtotal — Public Housing		21,205,709
Section 8 Housing Cluster — Direct Programs — Substantial Rehabilitation	14.182	4,587,351
Subtotal — Section 8 Housing Assistance Program (Section 8 Housing Cluster)		4,587,351
Direct Programs:		
Section 8 Housing Assistance Payment Program — Special Allocations	14.195	398,769,284
Shelter Care Plus	14.238	2,185,028
Housing Choice Vouchers	14.871	70,479,549
Supportive Housing for Persons with disabilities	14.181	285,543
Subtotal — Direct Programs		471,719,404
Disaster Housing Assistance Grant	97.109	50,527
TOTAL EXPENDITURES OF FEDERAL AWARDS		$ 497,562,991

See notes to the schedule of expenditures of federal awards.

COLUMBUS METROPOLITAN HOUSING AUTHORITY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2007

1. BASIS OF PRESENTATION

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

2. PROGRAM STATUS

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

The Authority receives assistance in the form of an operating subsidy from HUD (CFDA No. 14.850) to be used for the purpose of maintaining the low-rent character of the local housing program. The monies are being received under one program number. During 2007, the receipts of $557,147, $267,198, $117,145, and $90,705 were considered federal pass-through awards to Rosewind Limited Partnership, Gender Road Limited Partnership, Jenkins Terrace, LLC, and Waggoner Senior Housing Limited Partnership, respectively (related entities of the Authority).

The Authority also has a Guaranty and Supplemental Funding Agreement with Gender Road Limited Partnership (the "Partnership") that it will provide nonfederal funds for debt service payments if the Partnership has insufficient cash flow. During 2007, the Authority provided $25,000 to the Partnership for this purpose.

3. SECTION 8 HOUSING CLUSTER

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

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COLUMBUS METROPOLITAN HOUSING AUTHORITY

SCHEDULE OF ACTUAL MODERNIZATION COSTS INCURRED ON PROJECT OH16–P001–501–04 THROUGH DECEMBER 31, 2007

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

Classification	Project OH16–P001–501–04
Operations	$1,181,865
Management improvements — soft costs	786,930
Administration	590,932
Fees and costs	208,453
Site improvements	313,855
Dwelling structures	2,711,662
Nondwelling structures	
Nondwelling equipment	115,303
Relocation costs	324
Total costs	$5,909,324

2. The distribution of costs by major cost accounts as shown on the Performance and Evaluation Report dated September 13, 2007, for Project OH16–P001–501–04, as submitted to HUD for approval, is in agreement with the Authority's records.

3. Funds advanced for Project OH16–P001–501–04 totaled $5,909,324.

COLUMBUS METROPOLITAN HOUSING AUTHORITY

SCHEDULE OF ACTUAL MODERNIZATION COSTS INCURRED ON PROJECT OH16–R001–501–05 THROUGH DECEMBER 31, 2007

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

Classification	**Project OH16–R001–501–05**
Operations	$ -
Management improvements — soft costs	
Administration	
Fees and costs	82,857
Site improvements	18,299
Dwelling structures	1,009,688
Nondwelling structures	
Nondwelling equipment	
Relocation costs	
Total costs	$ 1,110,844

2. The distribution of costs by major cost accounts as shown on the Performance and Evaluation Report dated April 2, 2008, for Project OH16–R001–501–05, as submitted to HUD for approval, is in agreement with the Authority's records.

3. Funds advanced for Project OH16–R001–501–05 totaled $1,110,844.

COLUMBUS METROPOLITAN HOUSING AUTHORITY

SCHEDULE OF ACTUAL MODERNIZATION COSTS INCURRED ON PROJECT OH16–R001–501–06 THROUGH DECEMBER 31, 2007

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

Classification	Project OH16–R001–501–06
Operations	$ -
Management improvements — soft costs	
Administration	
Fees and costs	
Site improvements	41,513
Dwelling structures	684,113
Nondwelling structures	
Nondwelling equipment	
Relocation costs	
Total costs	$ 725,626

2. The distribution of costs by major cost accounts as shown on the Performance and Evaluation Report dated April 2, 2008, for Project OH16–R001–501–06, as submitted to HUD for approval, is in agreement with the Authority's records.

3. Funds advanced for Project OH16–R001–501–06 totaled $725,626.

COLUMBUS METROPOLITAN HOUSING AUTHORITY

SCHEDULE OF ACTUAL MODERNIZATION COSTS INCURRED ON PROJECT OH16–R001–501–07 THROUGH DECEMBER 31, 2007

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

Classification	**Project OH16–R001–501–07**
Operations	$ -
Management improvements — soft costs	
Administration	
Fees and costs	68,812
Site improvements	35,099
Dwelling structures	780,585
Nondwelling structures	
Nondwelling equipment	
Relocation costs	
Total costs	$ 884,496

2. The distribution of costs by major cost accounts as shown on the Performance and Evaluation Report dated April 2, 2008, for Project OH16–R001–501–07, as submitted to HUD for approval, is in agreement with the Authority's records.

3. Funds advanced for Project OH16–R001–501–07 totaled $884,496.

COLUMBUS METROPOLITAN HOUSING AUTHORITY

SCHEDULE OF ACTUAL MODERNIZATION COSTS INCURRED ON PROJECT OH16–R001–502–03 THROUGH DECEMBER 31, 2007

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

Classification	**Project OH16–R001–502–03**
Operations	$ -
Management improvements — soft costs	
Administration	611
Fees and costs	107,385
Site improvements	3,000
Dwelling structures	
Nondwelling structures	
Nondwelling equipment	
Relocation costs	
Total costs	$ 110,996

2. The distribution of costs by major cost accounts as shown on the Performance and Evaluation Report dated March 21, 2007, for Project OH16–R001–502–03, as submitted to HUD for approval, is in agreement with the Authority's records.

3. Funds advanced for Project OH16–R001–502–03 totaled $110,996.

COLUMBUS METROPOLITAN HOUSING AUTHORITY

SCHEDULE OF ACTUAL MODERNIZATION COSTS INCURRED ON PROJECT OH16–R001-502-04 THROUGH DECEMBER 31, 2007

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

Classification	**Project OH16–R001–502-04**
Operations	$ -
Management improvements — soft costs	
Administration	
Fees and costs	13,114
Site improvements	8,456
Dwelling structures	906,610
Nondwelling structures	
Nondwelling equipment	
Relocation costs	
Total costs	$ 928,180

2. The distribution of costs by major cost accounts as shown on the Performance and Evaluation Report dated April 2, 2008, for Project OH16–R001-502-04, as submitted to HUD for approval, is in agreement with the Authority's records.

3. Funds advanced for Project OH16–R001-502-04 totaled $928,180.

COLUMBUS METROPOLITAN HOUSING AUTHORITY

SCHEDULE OF ACTUAL MODERNIZATION COSTS INCURRED ON PROJECT OH16–R001-502-05 THROUGH DECEMBER 31, 2007

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

Classification	**Project OH16–R001–502-05**
Operations	$ -
Management improvements—soft costs	
Administration	3,436
Fees and costs	351,012
Site improvements	
Dwelling structures	136,360
Nondwelling structures	
Nondwelling equipment	
Relocation costs	
Total costs	$ 490,808

2. The distribution of costs by major cost accounts as shown on the Performance and Evaluation Report dated April 2, 2007, for Project OH16–R001-502-05, as submitted to HUD for approval, is in agreement with the Authority's records.

3. Funds advanced for Project OH16–R001-502-05 totaled $490,808.

COLUMBUS METROPOLITAN HOUSING AUTHORITY

SCHEDULE OF ACTUAL MODERNIZATION COSTS INCURRED ON PROJECT OH16–R001-502-06 THROUGH DECEMBER 31, 2007

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

Classification	**Project OH16–R001–502-06**
Operations	$ -
Management improvements — soft costs	
Administration	
Fees and costs	141,681
Site improvements	1,056,955
Dwelling structures	
Nondwelling structures	
Nondwelling equipment	
Relocation costs	
Total costs	$1,198,636

2. The distribution of costs by major cost accounts as shown on the Performance and Evaluation Report dated April 2, 2008, for Project OH16–R001-502-06, as submitted to HUD for approval, is in agreement with the Authority's records.

3. Funds advanced for Project OH16–R001-502-06 totaled $1,198,636.

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

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

We have audited the consolidated financial statements of the Columbus Metropolitan Housing Authority (the "Authority") as of and for the year ended December 31, 2007, and have issued our report thereon dated April 18, 2008, which included a reference to other auditors who audited the financial statements of Rosewind Limited Partnership, Gender Road Limited Partnership, and Jenkins Terrace, LLC, discretely presented component units of the Authority. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

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

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

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

Compliance and Other Matters

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

We noted certain matters that we have reported to the management of the Authority in a separate letter dated April 18, 2008.

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

Deloitte + Touche LLP

April 18, 2008

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

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

Compliance

We have audited the compliance of the Columbus Metropolitan Housing Authority (the "Authority") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2007. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133, and which are described in the accompanying schedule of findings and questioned costs as Items 07-01 and 07-02.

Internal Control Over Compliance

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

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

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

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

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

Deloitte + Touche LLP

April 18, 2008

COLUMBUS METROPOLITAN HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2007

PART I — SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

1. Material weakness(es) identified?	____	Yes	X	No
2. Significant deficiencies identified not considered to be material weaknesses?	____	Yes	X	None reported
3. Noncompliance material to financial statements noted?	____	Yes	X	No

Federal Awards:

4. Material weakness(es) identified?	____	Yes	X	No
5. Significant deficiencies identified not considered to be material weaknesses?	____	Yes	X	None reported

Type of auditors' report issued on compliance for major programs: Unqualified

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

7. The Authority's major programs were:

Name of Federal Program or Cluster	CFDA Number
Section 8 Housing Assistance Payment Program — Special Allocations	14.195
Low-Income Housing — PHA-Owned and Leased	14.850

8. Dollar threshold used to distinguish between Type A and Type B programs? $ 3,000,000

9. Auditee qualified as low-risk auditee:	____	Yes	X	No

PART II — FINANCIAL STATEMENT FINDINGS SECTION

No matters were reportable.

(Continued)

PART III — FEDERAL AWARDS FINDINGS SECTION

07-01 Procurement, Suspension, and Debarment

Grantor —HUD

CFDA Number — 14.850 — Funding year 2007

Project — Public Housing Authority (PHA)

Criteria — The OMB Circular No. A-133 Compliance Supplement Part 3, Compliance Requirements, Procurement and Suspension and Debarment, states that:

> "Non-federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. Under rules in effect prior to November 26, 2003, covered transactions included procurement contracts for goods or services equal to or in excess of $100,000. A change in the nonprocurement suspension and debarment rule took effect on November 26, 2003. As of that date, only those procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed $25,000 or meet certain other specified criteria are considered 'covered transactions.'
>
> Under rules in effect prior to November 26, 2003, contractors receiving individual awards for $100,000 or more and all subrecipients must certify that the organization and its principals are not suspended or debarred. Effective November 26, 2003, when a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the Excluded Parties List System (EPLS) maintained by the General Services Administration , collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (§__.300). The information contained in the EPLS is available in printed and electronic formats. The printed version is published monthly. Copies may be obtained by purchasing a yearly subscription from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, or by calling the Government Printing Office Inquiry and Order Desk at (202) 783-3238. The electronic version can be accessed on the Internet (http://epls.arnet.gov)."

Finding — There are no procedures in place to ensure that the Authority was not working with vendors that were on the Federal Suspension and Debarment list. The Authority was not utilizing EPLS when engaging in business with vendors and contractors.

Effect — The Authority could have used federal funds to purchase goods and services from vendors who are on the EPLS.

Questioned Cost — N/A

(Continued)

Recommendation — Before engaging in business with vendors or contractors, the administrators of the Authority should verify that they are not included in the EPLS. Documentation from the EPLS Web site detailing the inclusion or exclusion of the vendor or contractor from the Excluded Parties List should be printed and maintained, along with other contractor correspondence.

Views of Responsible Officials — The Authority will implement procedures to ensure that any vendor used to purchase goods or services is checked against the EPLS.

07-02 Resolution of Overpayment Issues

Grantor —HUD

CFDA Number — 14.195 — Funding year 2007

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

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

Effect —There could be overpayments that remain outstanding.

Questioned Cost — N/A

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

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

PART IV — SUMMARY OF PRIOR AUDIT FINDINGS

Number	Finding	Status	Contact
06-01	Lease Agreements	Corrected	Dennis Guest, Executive Director
06-02	Results of the Housing Choice Vouchers Inspector General Audit	Corrected	Dennis Guest, Executive Director

(Concluded)

The Homes at Second Avenue, LLC

(A Component Unit of Columbus Metropolitan Housing Authority)

Financial Statements, Supplemental Schedules, and Schedule of Expenditures of Federal Awards as of and for the Year Ended December 31, 2007, and Independent Auditors' Reports

THE HOMES AT SECOND AVENUE, LLC

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of net assets of The Homes at Second Avenue, LLC ("New Village Homes"), a component unit of Columbus Metropolitan Housing Authority, as of December 31, 2007, and the related statement of revenues, expenses, and changes in net assets, and of cash flows for the year then ended. These financial statements are the responsibility of New Village Homes' management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the New Village Homes for the year ended December 31, 2006, were audited by Haran, Watson, & Company, whose report, dated February 15, 2007, expressed an unqualified opinion on those statements.

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

In our opinion, based on our audit, such 2007 financial statements present fairly, in all material respects, the financial position of New Village Homes as of December 31, 2007, and its changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Our audit was conducted for the purpose of forming an opinion on New Village Homes' financial statements taken as a whole. The Replacement Reserve Schedule and the Schedule of Residual Receipts

Reserve on page 15 are presented for the purpose of additional analysis of the financial statements and are not a required part of the financial statements. These schedules are the responsibility of New Village Homes management. Such information has been subjected to the auditing procedures applied by us in the audit of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2008, on our consideration on internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Deloitte + Touche LLP

February 15, 2008

THE HOMES AT SECOND AVENUE, LLC

MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2007

As management of The Homes at Second Avenue LLC ("New Village Homes"), a blended component unit of Columbus Metropolitan Housing Authority, we offer readers of New Village Homes' financial statements this narrative overview and analysis of the financial activities of New Village Homes for the year January 1, 2007 through December 31, 2007. We encourage readers to consider the information presented here in conjunction with the financial statements.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

Financial Highlights

During the period ended December 31, 2007:

- New Village Homes' total assets decreased by $571,903, or 3%.
- Total liabilities decreased by $11,978, or 0.2%.

Basic Financial Statements

Statement of Net Assets:

The following table reflects the Statement of Net Assets:

	2007	2006
ASSETS:		
Current assets	$ 455,304	$ 507,823
Capital assets	16,145,372	16,848,111
Other noncurrent assets	405,961	222,606
Total noncurrent assets	16,551,333	17,070,717
TOTAL	$ 17,006,637	$ 17,578,540
LIABILITIES AND NET ASSETS:		
Liabilities:		
Current liabilities	$ 343,475	$ 334,642
Noncurrent liabilities	5,279,180	5,300,000
Total liabilities	5,622,655	5,634,642
NET ASSETS:		
Invested in capital assets — net of related debt	10,845,372	11,503,111
Restricted	220,130	156,652
Unrestricted	318,480	284,135
Total net assets	11,383,982	11,943,898
TOTAL	$ 17,006,637	$ 17,578,540

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

Major Factors Affecting the Statement of Net Assets

Current assets increased by $137,211 due primarily to an increase in cash, as outlined in the Statement of Cash Flows. Current liabilities decreased by $43,013 due primarily to the timely of payments. Capital assets decreased by $702,739, which is primarily due to depreciation.

Statement of Revenues, Expenses, and Changes in Net Assets

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

	2007	2006
OPERATING REVENUE:		
Rental	$ 836,726	$ 820,100
Operating subsidy	64,704	
Other	32,223	29,741
Total operating revenue	933,653	849,841
OPERATING EXPENSES:		
General	254,057	514,486
Administration	151,695	195,890
Depreciation	717,770	715,038
Other	122,159	83,925
Total operating expenses	1,245,681	1,509,339
OPERATING LOSS	(312,028)	(659,498)
NET NONOPERATING INCOME (EXPENSE)	(247,888)	8,824
CAPITAL CONTRIBUTIONS		108,845
CHANGE IN NET ASSETS	$ (559,916)	$ (541,829)

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

During fiscal year 2007, operating revenue increased $83,812, due primarily to the receipt of an operating subsidy from the Department of Housing and Urban Development of $64,704. New Village expects to receive this subsidy on an annual basis. Expenses remained relatively consistent.

Capital Assets

As of December 31, 2007, New Village Homes had $16.1 million invested in capital assets, as reflected in the schedule below, which represents a net decrease (additions, deductions, and depreciation) of $702,739 during the period.

CAPITAL ASSETS:	**2007**	**2006**
Land	$ 3,005	$ 3,005
Buildings	15,022,985	15,037,165
Site improvements	2,454,859	2,370,337
Nondwelling structures	76,149	76,149
Furniture and equipment	380,348	380,348
Construction in process		55,310
Total	17,937,346	17,922,314
Accumulated depreciation	(1,791,974)	(1,074,203)
Capital assets — net	$ 16,145,372	$ 16,848,111

Outstanding Debt

As of December 31, 2007, New Village Homes has $5.3 million in long-term debt outstanding.

Economic Factors

Significant economic factors affecting New Village Homes in 2007 were as follows:

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

THE HOMES AT SECOND AVENUE, LLC

STATEMENT OF NET ASSETS
AS OF DECEMBER 31, 2007

ASSETS

CURRENT ASSETS:	
Cash and cash equivalents — including restricted cash of $145,945	$ 336,476
Restricted investments	70,594
Accounts receivable — net:	
Tenants	3,596
Other	109
Prepaid items and other	44,529
Total current assets	455,304
NONCURRENT ASSETS:	
Tenant deposits	40,194
Replacement reserves	149,536
Capital assets:	
Land	3,005
Other property and equipment — net of accumulated depreciation of $1,791,974	16,142,367
Other noncurrent assets	216,231
Total noncurrent assets	16,551,333
TOTAL	$ 17,006,637

LIABILITIES

CURRENT LIABILITIES:	
Accounts payable	$ 38,100
Accrued expenses	219,350
Deferred revenue	31,025
Long-term debt — current	55,000
Total current liabilities	343,475
NONCURRENT LIABILITIES	
Bonds payable	5,245,000
Tenant deposits	34,180
Total noncurrent liabilities	5,279,180
Total liabilities	5,622,655
NET ASSETS:	
Invested in capital assets — net of related debt	10,845,372
Restricted	220,130
Unrestricted	318,480
Total net assets	11,383,982
TOTAL	$ 17,006,637

See notes to financial statements.

THE HOMES AT SECOND AVENUE, LLC

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2007

OPERATING REVENUE:	
Rental	$ 836,726
Operating subsidy	64,704
Other	32,223
Total operating revenue	933,653
OPERATING EXPENSES:	
General	254,057
Administration	151,695
Depreciation	717,770
Utilities	19,654
Ordinary maintenance and operation	102,505
Total operating expenses	1,245,681
OPERATING LOSS	(312,028)
NONOPERATING REVENUES AND (EXPENSES):	
Interest income	18,749
Interest expense	(266,637)
Total nonoperating revenues and expenses	(247,888)
CHANGE IN NET ASSETS	(559,916)
NET ASSETS — Beginning of the year	11,943,898
NET ASSETS — End of the year	$ 11,383,982

See notes to financial statements.

THE HOMES AT SECOND AVENUE, LLC

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2007

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from tenants	$ 821,057
Cash received operating subsidy	64,704
Cash payments to suppliers for goods and services	(507,491)
Other receipts	40,151
Net cash provided by operating activities	418,421
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Decrease in bonds payable	(45,000)
Interest expense	(266,637)
Property and equipment additions and disposals	(15,031)
Net cash used in capital and related financing activities	(326,668)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of investment	(70,594)
Change in replacement reserve	(149,536)
Interest income	18,749
Net cash used in investing activities	(201,381)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(109,628)
CASH AND CASH EQUIVALENTS BALANCE (Including restricted cash of $298,719) — January 1, 2007	446,104
CASH AND CASH EQUIVALENTS BALANCE (Including restricted cash of $145,945) — December 31, 2007	$ 336,476
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating loss	$ (312,028)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation and amortization	723,743
Change in operating assets and liabilities:	
Accounts receivable — tenants	10,937
Accounts receivable — other	1,553
Prepaid item and other	995
Tenant deposits	(40,194)
Other noncurrent assets	402
Accounts payable	27,457
Accrued expenses	(8,032)
Deferred revenue	11,088
Tenant refunds	2,500
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 418,421

See notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Newly Issued Accounting Pronouncements — In June 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This statement establishes standards for the capitalization, amortization, and financial reporting of intangible assets, including easements, water rights, timber rights, patents, trademarks, and computer software. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2009. New Village Homes' management has not yet determined the impact that implementation of GASB Statement No. 51 will have on its financial statements.

2. CASH AND CASH EQUIVALENTS

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

At December 31, 2007, the carrying amount of New Village Homes' deposits was $596,800, and the total bank balance was $570,187, the difference representing deposit-in-transit-items. Of the bank balance, $100,000 was covered by federal depository insurance, and the remainder is uncollateralized as defined by the GASB (covered by collateral pools held by third-party trustees pursuant to Section 135.181 of the Ohio Revised Code in collateral pools securing all public funds on deposit with specific depository institutions, but not in New Village Homes' name).

3. INVESTMENTS

As of December 31, 2007, New Village Homes had $70,594 invested in a guaranteed investment contract.

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

Concentration of Credit Risk — New Village Homes places no limit on the amount it may invest with one issuer. As of December 31, 2007, New Village Homes' investments resided in one guaranteed investment contract.

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

4. CAPITAL ASSETS

The changes in capital assets for the year ended December 31, 2007, are as follows:

	Balance December 31, 2006	Additions	Disposals	Transfers	Balance December 31, 2007
Land	$ 3,005	$ -	$ -	$ -	$ 3,005
Buildings	15,037,165		(14,180)		15,022,985
Site improvements	2,370,337	29,211		55,310	2,454,858
Nondwelling structure	76,149				76,149
Furniture and equipment	380,348				380,348
CIP	55,310			(55,310)	-
Total	17,922,314	29,211	(14,180)	-	17,937,345
Accumulated depreciation	(1,074,203)	(717,770)			(1,791,973)
Net property	$ 16,848,111	$ (688,559)	$ (14,180)	$ -	$ 16,145,372

5. RISK MANAGEMENT

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

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

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

6. BONDS AND NOTES PAYABLE

A rollforward of the New Village Homes' long-term debt for the year ended December 31, 2007, is as follows:

Bonds Payable	Beginning Balance	Increase	Decrease	Ending Balance	Current Portion
2007	$ 5,345,000	$ -	$ (45,000)	$ 5,300,000	$ 55,000

Bonds Payable — In December 2002, New Village Homes issued $5,420,000 of Columbus Metropolitan Housing Authority Multifamily Housing Mortgage Revenue Bonds, Series 2003A, guaranteed by HUD, for the construction of the New Village Homes project. Principal payments are due at various intervals, with the balance due on November 20, 2044. The interest rate is 5.4%. The future debt service at December 31, 2007, is as follows:

Maturity Date	Principal Amount	Interest Amount	Total
2008	$ 55,000	$ 265,699	$ 320,699
2009	50,000	263,522	313,522
2010	55,000	261,499	316,499
2011	55,000	259,199	314,199
2012 to 2016	330,000	1,254,992	1,584,992
2017 to 2021	425,000	1,162,269	1,587,269
2022 to 2026	550,000	1,043,100	1,593,100
2027 to 2031	725,000	884,481	1,609,481
2032 to 2036	945,000	674,450	1,619,450
2037 to 2041	1,235,000	398,483	1,633,483
2042 to 2044	875,000	72,533	947,533
	$ 5,300,000	$ 6,540,227	$ 11,840,227

7. MANAGEMENT FEE

An annual management fee is paid to Affiniti Management, LLC. For the year ended December 31, 2007, $49,633 was charged to expense for this fee.

8. RELATED PARTY TRANSACTIONS

For the year ended, New Village Homes' paid Columbus Metropolitan Housing Authority $3,605 for administrative fees. At December 31, 2007, there was no outstanding accounts payable due to Columbus Metropolitan Housing Authority.

* * * * * *

SUPPLEMENTAL SCHEDULES

THE HOMES AT SECOND AVENUE, LLC

SUPPLEMENTAL SCHEDULE REQUIRED BY HUD
SCHEDULE OF RESERVE FOR REPLACEMENTS AND
SCHEDULE OF RESIDUAL RECEIPTS RESERVE
YEAR ENDED DECEMBER 31, 2007

SCHEDULE OF RESERVE FOR REPLACEMENTS

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

BALANCE — Beginning of the year	$ 89,566
Deposits ($4,610 X 11 months, 4647 X 1 month)	55,320
Other Deposits	
Interest income	4,650
Withdrawals	
BALANCE — End of the year	$ 149,536

SCHEDULE OF RESIDUAL RECEIPTS RESERVE

Cash — including tenant deposits	$ 230,725
Accrued mortgage interest payable	29,700
Accounts payable — 30 days	38,283
Loans and notes payable due within 30 days	54,375
Prepaid revenue	31,025
Tenant deposits held in trust	34,180
Subtotal current obligations	187,563
Surplus cash	$ 43,162

SINGLE AUDIT SECTION

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

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

We have audited the financial statements of The Homes at Second Avenue, LLP ("New Village Homes") as of and for the year ended December 31, 2007, and have issued our report thereon dated February 15, 2008, which included a reference to 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered New Village Homes' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of New Village Homes' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of New Village Homes' internal control over financial reporting.

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

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

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

Compliance and Other Matters

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

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

Deloitte + Touche LLP

February 15, 2008

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL AWARD PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

To the Members of
The Homes at Second Ave, LLP
Columbus, OH

Compliance

We have audited the compliance of The Homes at Second Ave, LLP ("New Village Homes"), a component unit of Columbus Metropolitan Housing Authority, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended December 31, 2007. New Village Homes' major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of New Village Homes' management. Our responsibility is to express an opinion on New Village Homes' compliance based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about New Village Homes' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on New Village Homes' compliance with those requirements.

In our opinion, New Village Homes complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2007.

Internal Control Over Compliance

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

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

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

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

Schedule of Expenditures of Federal Awards

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards on pages 21 and 22 is presented for the purpose of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. This schedule is the responsibility of New Village Homes' management. Such information has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly stated, in all material respects, when considered in relation to the financial statements taken as a whole.

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

Deloitte + Touche LLP

February 15, 2008

THE HOMES AT SECOND AVENUE, LLC

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007

U.S. Department of Housing and Urban Development — Direct Programs — Mortgage insurance rental and cooperative housing for moderate income families and elderly — market interest rate — guarantee of bonds outstanding	14.135	$ 5,300,000
Total		$ 5,300,000

See note to schedule of expenditures of federal awards.

THE HOMES AT SECOND AVENUE, LLC

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007

1. BASIS OF PRESENTATION

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

THE HOMES AT SECOND AVENUE, LLC

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2007

PART I — SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

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

PART II — FINANCIAL STATEMENT FINDINGS SECTION
No matters were reportable.

PART III — FEDERAL AWARDS FINDINGS SECTION
No matters were reportable.

PART IV — SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
No matters were reportable.

Mary Taylor, CPA
Auditor of State

COLUMBUS METROPOLITAN HOUSING AUTHORITY

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 31, 2008

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