

# **Columbus Metropolitan Housing Authority**

**Consolidated Financial Statements and Federal Awards in  
Accordance with *Government Auditing Standards* and *Office  
of Management and Budget Circular A—133*  
December 31, 2001**





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street  
Columbus, Ohio 43215  
Telephone 614-466-3402  
800-443-9275  
Facsimile 614-728-7199  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

Board of Commissioners  
Columbus Metropolitan Housing Authority

We have reviewed the Independent Auditor's Report of the Columbus Metropolitan Housing Authority, Franklin County, prepared by PricewaterhouseCoopers LLP for the audit period January 1, 2001 through December 31, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO  
Auditor of State

July 5, 2002

**This Page is Intentionally Left Blank.**

# Columbus Metropolitan Housing Authority

## Table of Contents

---

	Pages
Report of Independent Accountants	1
Financial Statements:	
Consolidated Balance Sheet	3
Consolidated Statement of Revenue, Expenses and Changes in Equity	4
Consolidated Statement of Cash Flows	5
Notes to Financial Statements	6
Supplemental Financial Data Schedules:	
Balance Sheet	15
Statement of Revenue and Expenses	17
Schedule of Expenditures of Federal Awards	19
Notes to Schedule of Federal Expenditures of Federal Awards	20
Schedule of Actual Modernization Costs	21
Report of Independent Accountants on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	23
Report of Independent Accountants on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A—133	25
Schedule of Findings and Questioned Costs	27

## **Report of Independent Accountants**

Board of Commissioners  
Columbus Metropolitan Housing Authority

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of revenue, expenses and changes in equity, and cash flows present fairly, in all material respects, the financial position of Columbus Metropolitan Housing Authority (the Authority) at December 31, 2001, and the results of its operations and changes in its equity and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements 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, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2002 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental financial data schedules accompanying the financial statements are not necessary for fair presentation of the financial position, results of operations and cash flows of the Authority in conformity with accounting principles generally accepted in the United States. The supplemental schedules listed in the table of contents are presented only for purposes of additional analysis and are not a required part of the financial statements. Such schedules have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

*PricewaterhouseCoopers LLP*

April 18, 2002

# Columbus Metropolitan Housing Authority

## Consolidated Balance Sheet As of December 31, 2001

---

<b>Assets</b>	
Cash and cash equivalents	\$ 11,708,162
Accounts receivable, net:	
Tenants	122,309
HUD	5,466,905
Other	1,052,989
Notes receivable, current	227,083
Investments	16,156,012
Inventory	284,613
Prepaid items and other	234,375
	<hr/>
Total current assets	35,252,448
	<hr/>
Notes receivable	24,199,390
Land, structures and equipment, net	95,848,769
Other non-current assets	409,531
	<hr/>
Total assets	\$ 155,710,138
	<hr/>
<b>Liabilities and Equity</b>	
Accounts payable:	
Trade	\$ 4,752,796
HUD	4,065,510
Other	293,243
Accrued expenses	1,572,892
Deferred credits	138,397
Trust and deposit liabilities	540,856
Notes payable, current	44,492
	<hr/>
Total current liabilities	11,408,186
	<hr/>
Notes payable	1,682,512
Other liabilities	663,241
	<hr/>
Total liabilities	13,753,939
	<hr/>
Equity	141,956,199
	<hr/>
Total liabilities and equity	\$ 155,710,138
	<hr/>

The accompanying notes are an integral part of these financial statements.

**Columbus Metropolitan Housing Authority**  
**Consolidated Statement of Revenue, Expenses and Changes in Equity**  
**For the Year Ended December 31, 2001**

---

Operating revenue:	
HUD grants	\$ 239,497,885
Other government grants	965,313
Rental	5,776,976
Interest	1,233,174
Other	806,764
	<hr/>
Total operating revenue	248,280,112
	<hr/>
Operating expenses:	
Administration	20,263,843
Tenant services	454,171
Utilities	3,101,462
Ordinary maintenance and operation	6,661,529
Protective services	1,077,788
General expenses	761,244
Nonroutine maintenance	1,838,268
Casualty loss	2,580
Housing assistance payments	205,410,289
	<hr/>
Total operating expenses	239,571,174
	<hr/>
Net operating income before other charges	8,708,938
Other financing sources and uses:	
Depreciation	8,163,603
Gain on disposal of assets	439,879
Interest expense on notes payable	148,231
	<hr/>
Net income	836,983
Equity, beginning of year	<hr/> 141,119,216
Equity, end of year	<hr/> <hr/> \$ 141,956,199

The accompanying notes are an integral part of these financial statements.

**Columbus Metropolitan Housing Authority**  
**Consolidated Statement of Cash Flows**  
**For the Year Ended December 31, 2001**

<b>Cash flows from operating activities</b>	
Net income	\$ 836,983
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation	8,163,603
Gain on disposal of assets	(439,879)
Net increase in fair value of investments	(15,662)
Change in assets and liabilities:	
Tenant receivables	(30,381)
HUD receivables	(2,713,759)
Other receivables	20,521
Inventory	(4,757)
Prepaid items and other	(458,971)
Trade payables	465,061
HUD payables	2,073,909
Other payables	33,381
Accrued expenses	42,584
Trust and deposit liabilities	40,367
Other long-term liabilities	130,488
Deferred credits	(3,474,422)
	<u>4,669,066</u>
Net cash provided by operating activities	<u>4,669,066</u>
<b>Cash flows from investing activities</b>	
Acquisition of land, structures and equipment	(8,604,228)
Proceeds from disposal of land, structures and equipment	1,146,731
Sale/purchase of investments, net	<u>(4,959,996)</u>
Net cash used in investing activities	<u>(12,417,493)</u>
<b>Cash flows from capital and related financing activities</b>	
Cash paid on notes payable	(43,422)
Cash collected on notes receivable	<u>2,367,213</u>
Net cash provided by capital and related financing activities	<u>2,323,791</u>
Net decrease in cash and cash equivalents	(5,424,636)
Cash and cash equivalents, beginning of year	<u>17,132,798</u>
Cash and cash equivalents, end of year	<u>\$ 11,708,162</u>

The accompanying notes are an integral part of these financial statements.

# Columbus Metropolitan Housing Authority

## Notes to Financial Statements

### For the Year Ended December 31, 2001

---

#### 1. Summary of Significant Account 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 United States 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.

During December 2001, the Authority began providing contracted services with certain housing authorities on behalf of HUD. These services are primarily the payment processing and administrative services of an assisted housing program.

##### Basis of Accounting

The accompanying consolidated financial statements which includes the Authority and its wholly-owned subsidiaries are prepared on the accrual basis in accordance with generally accepted accounting principles (GAAP). All intercompany balances and transactions have been eliminated in consolidation.

##### HUD Contributions

The Authority finances certain expenditures through the issuances of bonds and notes. HUD makes annual contributions and subsidies directly to the authorized fiscal agent of the bonds and notes to meet annual principal and interest requirements.

##### 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. 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.

# Columbus Metropolitan Housing Authority

## Notes to Financial Statements

For the Year Ended December 31, 2001

---

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 Funds**—Substantially all additions to land, structures and equipment are accomplished through Comprehensive Grant Programs. Comprehensive Grant Programs replace or materially upgrade deteriorated portions of the Authority's housing units. Funding is provided through grants. Comprehensive Grant Program costs are capitalized and reported on the statement of assets, liabilities and surplus until such time as they are completed and placed into service in one of the aforementioned programs. 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 seven funds that provide resources for housing related activities. Three of the funds are wholly owned subsidiaries of CMHA, 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 Rental Housing Program clients.

### Revenue Recognition

During 2001, the Authority adopted GASB Statement No. 33, "*Accounting and Financial Reporting for Nonexchange Transactions*" for the year ended December 31, 2001. Nonexchange transactions are primarily federal government grants. Revenue from grants are recognized in the fiscal year in which 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. Rent revenue is recognized over the period for which housing has been provided.

### Inventory

Inventory consists of supplies and maintenance parts carried at the lower of cost and market using the average cost method and are expensed as they are consumed.

### 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 revenue in the operating statements. Investment income is recognized and recorded when earned and is allocated to programs based upon monthly investment balances.

### Compensated Absences

Compensated absences are accrued as they are earned by employees if two conditions are met: 1) the employees rights to receive compensation are attributable to services already rendered and 2) it is probable that the employer will compensate the employee for the benefits through paid time off or cash payment. Accrued compensated absences are included in accrued expenses.

# Columbus Metropolitan Housing Authority

## Notes to Financial Statements

For the Year Ended December 31, 2001

---

### Land, Structures and Equipment

Land, structures and equipment are recorded at historical cost. Donated land, structures and equipment are recorded at their fair value on the date donated. Depreciation is calculated on a straight-line method using 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 reflected in operations. The estimated useful lives are as follows:

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

### New Accounting Pronouncements

In July 1999, the GASB issued GASB No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Government*. The effective date of the statement is for periods beginning after June 15, 2002. Management does not expect the impact of these pronouncements on the Authority's financial statements to be material.

### 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.

## 2. Cash, Cash Equivalents and Investments

The Authority maintains cash, cash equivalents and investments in separate accounts for the Low-Rent Housing 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 included in the Authority's cash position at December 31, 2001 are as follows:

Demand deposits:	
Bank balance	\$ 3,968,189
STAR Ohio	8,303,805
Items-in-transit	<u>(563,832)</u>
Carrying balance	<u>\$ 11,708,162</u>

Of the year-end cash balance, \$100,000 was covered by federal depository insurance, \$300 was maintained in petty cash funds and the remainder was covered by collateral pools held by third-party trustees maintaining collateral for all public funds on deposit.

# Columbus Metropolitan Housing Authority

## Notes to Financial Statements

For the Year Ended December 31, 2001

At December 31, 2001, the Authority had \$8,303,805 held in the State Treasury Asset Reserve of Ohio (STAR Ohio, managed by the Treasurer of the State of 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 authorized by the State of Ohio and its political subdivisions. Due to the highly liquid nature of the fund and a net asset value of \$1, STAR Ohio resembles a money market fund and, therefore, has been treated as a cash equivalent by the Authority in the financial statements. The Authority's investment in the pool is not subject to credit risk categorization because it is not evidenced by securities that exist in physical or book entry form.

### Investments

Investment procedures are restricted by the provisions of the Ohio Revised Code and the Department of Housing and Urban Development. Approved investment securities include direct obligations of the federal government backed by the full faith and credit of the United States (e.g., U.S. Treasury bills, notes and bonds), obligations of federal government agencies (e.g., Government National Mortgage Association mortgage-backed securities, bonds, participating certificates), and securities of government-sponsored agencies (e.g., Federal Farm credit banks, Federal Land banks, and Federal Home Loan banks). The interest rate yields on certificates of deposit ranged from 1.95% to 4.65% and from 3.45% to 5.25% for U.S. federal agency bonds.

	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Fair Value</u>
At December 31, 2001:			
U.S. federal agency bonds	\$ 8,087,172	\$ 15,662	\$ 8,102,834
Certificates of deposit	8,053,178	-	8,053,178
Total	<u>\$ 16,140,350</u>	<u>\$ 15,662</u>	<u>\$ 16,156,012</u>

The Authority's cash equivalents balances and investments are categorized to give an indication of risk assumed by the Authority as follows:

- The cash equivalent funds are assigned a risk category of two. Category two includes cash equivalents balances collateralized with securities held by the pledging financial institution's trust department or agent in the name of the Authority.
- The investments are assigned a risk category of two. Category two includes uninsured and unregistered investments for which the securities are held by the Authority's agent or the agent's trust department in the Authority's name.

As of December 31, 2001, the Authority maintains cash balances of \$6,966,579 and investments of \$1,814,112 which are restricted to their use. Of these amounts, \$3,182,798 is to be refunded to HUD and \$3,783,781 is restricted to funding construction of housing.

### 3. Notes Receivable

Beginning in 1996, the Authority entered into a "Construction Loan Agreement" (the Agreement) with Rosewind Limited Partnership (see Note 9), for the construction of low-income housing. At the completion of the project the loan converts into a permanent loan with a maturity date to be

**Columbus Metropolitan Housing Authority**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2001**

---

35 years from the date of the conversion to the permanent loan and without interest. In March 1999, the Authority and Rosewind Limited Partnership entered into an amendment to increase the maximum amount of the construction loan agreement to \$25,500,000. The balance of the loan is \$17,758,107 as of December 31, 2001. The Authority is also due \$692,331 at December 31, 2001 for reimbursement of developer fees.

The note receivable is non-recourse and 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 Note) with Gender Road Limited Partnership (see Note 9) for the purchase of low-income housing for a maximum amount of \$10,000,000. The Note agreement provides that Gender Road Limited Partnership will make minimum annual payments to the Authority in the amount of \$25,000 and the entire balance of the principal and all unpaid interest will be due 35 years from the date of the Note. The balance of the Note is \$5,976,035 at December 31, 2001.

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

**4. Land, Structures and Equipment**

The Authority capitalizes as land, structures and equipment the costs of site acquisition and improvement, structures, equipment and indirect development costs. Land, structures and equipment as of December 31, 2001 are as follows:

Land	\$ 969,422
Site improvements	21,959,706
Buildings	149,483,561
Community buildings	6,855,899
Other assets	2,712,270
Construction in process	<u>20,767,454</u>
Total	202,748,312
Accumulated depreciation	<u>(106,899,543)</u>
Net book value	<u>\$ 95,848,769</u>

**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.

**Columbus Metropolitan Housing Authority**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2001**

---

**6. Self-Insured Health Care**

The Authority has a self-insured health care plan that covers all employees electing to participate. This plan provides employee health benefits of up to \$2,000,000 of cumulative coverage to employees. The Authority purchases commercial insurance for individual claims exceeding \$55,000 and aggregate claim losses exceeding \$1,163,010. A reconciliation of claims liabilities is shown below:

**Reconciliation of Claims Liabilities**

Unpaid claims and claim adjustment expenses at beginning of year	\$ 148,448
Incurred claims and claim adjustment expenses:	
Provision for insured events of the current year	<u>917,564</u>
 Total incurred claims and claim adjustment expenses	 <u>1,066,012</u>
 Payments:	
Claims and claim adjustment expenses attributable to insured events	
Current year	704,989
Prior year	<u>186,525</u>
	 <u>891,514</u>
 Unpaid claims and claim adjustment expenses at end of year	 <u>\$ 174,498</u>

The Authority makes payments to the Plan Trustee based on estimated amounts needed to pay prior and current year claims. The December 31, 2001 claims liability is based on the requirements of the Governmental Accounting Standards Board (GASB) Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The liability is estimated by applying a three-month lag factor to the average actual monthly claims incurred.

**7. Notes Payable**

Notes payable consist of a mortgage payable to a bank, due in monthly installments of \$13,081, including interest at 7.9%, through June 2023. The note is collateralized by rental property. As of December 31, 2001, the principal balance was \$1,709,661.

**Columbus Metropolitan Housing Authority**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2001**

---

Maturities of the mortgage payable for the next five years and thereafter are as follows:

2002	\$ 31,662
2003	34,253
2004	37,055
2005	40,087
Thereafter	<u>1,566,604</u>
Total	<u>\$ 1,709,661</u>

Additional notes payable consist of current and non-current obligations of \$12,830 and \$4,513, respectively.

**8. Retirement Commitments**

**Plan Description**

The Authority contributes to the Public Employees' Retirement System of Ohio (PERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State Statute per Chapter 145 of the Ohio Revised Code. The Public Employees' Retirement System 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) 466-2085.

**Funding Policy**

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.5% for employees other than law enforcement. The 2001 employer contribution rate for local government employer units was 13.55% of covered payroll. The Authority's contribution to PERS, representing 100% of employer contributions, was \$1,125,248, \$1,327,221, and \$1,117,238 for the years ended December 31, 2001, 2000, and 1999, respectively.

PERS provides postemployment health care coverage to age and service retirees with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. A portion of each employer's contribution to the system is set aside for the funding of postretirement health care based on authority granted by state statute.

**9. Deferred Compensation**

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code 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 2001.

# **Columbus Metropolitan Housing Authority**

## **Notes to Financial Statements**

### **For the Year Ended December 31, 2001**

---

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

#### **10. Related Entities**

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. 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 the Rosewind Limited Partnership.

Construction was funded using HOPE VI grant funds and the proceeds of a bond issuance. The Authority leases to the Rosewind Limited Partnership the property on which the low-income housing was constructed.

For the year ended December 31, 2001, the Authority has incurred accounts payable to Rosewind Limited Partnership of approximately \$3,438 for pass through funds to subsidiaries and recorded notes receivables (see Note 3) for the sale of property.

In March 1998, Franklin County, Ohio issued \$14 million in tax-exempt bonds on behalf of Rosewind Limited Partnership, as 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 \$1,000,000 was made during 2001. The funds held in escrow are in the name of Rosewind Limited Partnership and accordingly no amounts are recorded in the Authority's financial statements at December 31, 2001. Amounts held in escrow at December 31, 2001 were \$1,023,674.

MHP is also the majority owner, with 79% interest, of Gender Road GP Corporation, which is the 0.1% general partner in the Gender Road Limited Partnership. 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 the Gender Road Limited Partnership.

Construction has been funded using HOPE VI grant funds and the proceeds of a bond issuance. The Authority leases to the Gender Road Limited Partnership the property on which the low-income housing was constructed.

For the year ended December 31, 2001, the Authority recorded 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

**Columbus Metropolitan Housing Authority**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2001**

---

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 \$4,200,000 was made during 2000. The funds held in escrow are in the name of Gender Road Limited Partnership and accordingly no amounts are recorded in the Authority's financial statements at December 31, 2000. Amounts held in escrow at December 31, 2001 were \$1,764,234.

**11. Uncompleted Contracts**

At December 31, 2001, the Authority has uncompleted contracts in the amount of \$6,417,400 for Comprehensive 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 which may be disallowed by the grantor cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

**Columbus Metropolitan Housing Authority**  
**Supplemental Financial Data Schedules**  
**Balance Sheet**  
**As of December 31, 2001**

	Low Rent 14.850	Section 8 Vouchers 14.855	Section 8 Mod Rehab 14.856	Section 8 Certificates 14.857	CGP 14.859	Capital Fund 14.872	Hope VI 14.866	Shelter Care Plus 14.238	Other Business Ventures	Section 8 N/C S/R 14.182	AHSC 14.195	PHDEP 14.854	EDSS 14.864	Total
<b>Assets</b>														
Current Assets:														
Cash - Unrestricted	\$ 112,883	\$ 247,088	\$ 36,860	\$ 804,196	\$ -	\$ -	\$ -	\$ 127,985	\$ 2,383,738	\$ 433,142	\$ 59,719	\$ -	\$ -	\$ 4,205,611
Cash-restricted-modernization & develop	2,400,327	-	-	-	-	-	-	-	-	-	-	-	-	2,400,327
Cash-Other restricted	800	533,077	-	-	-	-	-	-	849,577	-	3,182,798	-	-	4,566,252
Cash-tenant security deposits	499,415	-	-	-	-	-	-	-	36,557	-	-	-	-	535,972
<b>Total Cash</b>	<b>3,013,425</b>	<b>780,165</b>	<b>36,860</b>	<b>804,196</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>127,985</b>	<b>3,269,872</b>	<b>433,142</b>	<b>3,242,517</b>	<b>-</b>	<b>-</b>	<b>11,708,162</b>
Accounts and notes receivables														
Accounts receivable-HUD other projects	739,660	1,482,818	4,203	-	244,741	237,223	6,782	9,089	-	380,475	2,309,565	52,349	-	5,466,905
Accounts receivable-miscellaneous	649,171	-	-	-	-	-	-	-	239,046	-	-	-	-	888,217
Accounts receivable-tenants-dwelling rent	199,956	-	-	-	-	-	-	-	-	-	-	-	-	199,956
Allowance f/doubtful accounts-dwell rent	(77,647)	-	-	-	-	-	-	-	-	-	-	-	-	(77,647)
Notes and Mortgages Receivables	54,000	-	-	-	-	-	-	-	173,083	-	-	-	-	227,083
Fraud Recovery	-	129,754	-	-	-	-	-	-	-	-	-	-	-	129,754
Allowance for doubtful accounts-fraud	-	(129,754)	-	-	-	-	-	-	-	-	-	-	-	(129,754)
Accrued interest receivable	67,172	10,239	-	-	-	-	-	-	87,361	-	-	-	-	164,772
<b>Total receivables, net allow f/uncollect.</b>	<b>1,632,312</b>	<b>1,493,057</b>	<b>4,203</b>	<b>-</b>	<b>244,741</b>	<b>237,223</b>	<b>6,782</b>	<b>9,089</b>	<b>499,490</b>	<b>380,475</b>	<b>2,309,565</b>	<b>52,349</b>	<b>-</b>	<b>6,869,286</b>
Current Investments														
Investments-unrestricted	4,292,121	500,000	-	-	-	-	-	-	9,549,779	-	-	-	-	14,341,900
Investments-restricted	1,600,000	-	-	-	-	-	-	-	214,112	-	-	-	-	1,814,112
Prepaid expenses and other assets	183,050	41,723	-	-	-	-	-	-	9,602	-	-	-	-	234,375
Inventories	338,132	-	-	-	-	-	-	-	-	-	-	-	-	338,132
Allowance for obsolete inventories	(53,519)	-	-	-	-	-	-	-	-	-	-	-	-	(53,519)
<b>Total other</b>	<b>6,359,784</b>	<b>541,723</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,773,493</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,675,000</b>
<b>Total Current Assets</b>	<b>11,005,521</b>	<b>2,814,945</b>	<b>41,063</b>	<b>804,196</b>	<b>244,741</b>	<b>237,223</b>	<b>6,782</b>	<b>137,074</b>	<b>13,542,855</b>	<b>813,617</b>	<b>5,552,082</b>	<b>52,349</b>	<b>-</b>	<b>35,252,448</b>
Noncurrent Assets														
Fixed Assets														
Land	573,183	-	-	-	-	-	-	-	396,239	-	-	-	-	969,422
Buildings	175,611,428	-	-	-	-	-	-	-	2,687,738	-	-	-	-	178,299,166
Furniture, equip. & machinery-dwellings	1,259,239	-	-	-	-	-	-	-	100,223	-	-	-	-	1,359,462
Furniture, equip. & machinery-administer.	-	816,182	6,359	133,710	-	-	-	15,791	98,908	51,115	230,742	-	-	1,352,807
Accumulated depreciation	(106,172,915)	(222,704)	(4,337)	(78,507)	-	-	-	(4,335)	(330,818)	(31,201)	(54,725)	-	-	(106,899,542)
Construction in Progress	-	-	-	-	13,455,055	637,198	6,675,201	-	-	-	-	-	-	20,767,454
<b>Total fixed assets, net of accum. deprec.</b>	<b>71,270,935</b>	<b>593,478</b>	<b>2,022</b>	<b>55,203</b>	<b>13,455,055</b>	<b>637,198</b>	<b>6,675,201</b>	<b>11,456</b>	<b>2,952,290</b>	<b>19,914</b>	<b>176,017</b>	<b>-</b>	<b>-</b>	<b>95,848,769</b>
Other Non-Current Assets														
Notes & Mortgages Receivables-non current	23,680,142	-	-	-	-	-	-	-	519,248	-	-	-	-	24,199,390
Other Assets	-	-	-	-	-	-	-	-	409,373	-	-	-	-	409,373
Investments & Joint Ventures	-	-	-	-	-	-	-	-	158	-	-	-	-	158
<b>Total Non-Current Assets</b>	<b>94,951,077</b>	<b>593,478</b>	<b>2,022</b>	<b>55,203</b>	<b>13,455,055</b>	<b>637,198</b>	<b>6,675,201</b>	<b>11,456</b>	<b>3,881,069</b>	<b>19,914</b>	<b>176,017</b>	<b>-</b>	<b>-</b>	<b>120,457,690</b>
<b>Total Assets</b>	<b>\$ 105,956,598</b>	<b>\$ 3,408,423</b>	<b>\$ 43,085</b>	<b>\$ 859,399</b>	<b>\$ 13,699,796</b>	<b>\$ 874,421</b>	<b>\$ 6,681,983</b>	<b>\$ 148,530</b>	<b>\$ 17,423,924</b>	<b>\$ 833,531</b>	<b>\$ 5,728,099</b>	<b>\$ 52,349</b>	<b>\$ -</b>	<b>\$ 155,710,138</b>

The accompanying notes are an integral part of these financial statements.

**Columbus Metropolitan Housing Authority**  
**Supplemental Financial Data Schedules**  
**Balance Sheet**  
**As of December 31, 2001**

	Low Rent 14.850	Section 8 Vouchers 14.855	Section 8 Mod Rehab 14.856	Section 8 Certificates 14.857	CGP 14.859	Capital Fund 14.872	Hope VI 14.866	Shelter Care Plus 14.238	Other Business Ventures	Section 8 N/C S/R 14.182	AHSC 14.195	PHDEP 14.854	EDSS 14.864	Total
<b>Liabilities and Equity</b>														
Liabilities														
Current Liabilities														
Accounts Payable <90 Days	\$ 435,819	\$ 155,646	\$ 508	\$ 960	\$ 638,877	\$ 237,568	\$ 60,978	\$ 1,185	\$ 47,910	\$ 680	\$ 2,542,423	\$ 13,279	\$ -	\$ 4,135,833
Accounts Payable >90 Days	16,895	-	-	-	597,068	-	3,000	-	-	-	-	-	-	616,963
Accrued wage/payroll taxes payable	587,229	197,999	-	-	-	-	-	-	9,579	-	5,107	-	-	799,914
Accrued compensated absences-current portion	276,617	80,532	-	-	-	-	-	-	3,747	-	3,115	-	-	364,011
Accrued contingency liability	110,700	-	-	-	-	-	-	-	-	-	-	-	-	110,700
Accrued interest payable	-	-	-	-	-	-	-	-	11,627	-	-	-	-	11,627
Accounts payable-HUD PHA Program	674,142	-	29,234	-	-	-	-	-	-	173,677	3,182,798	-	5,660	4,065,511
Accounts payable-other government	183,013	-	-	-	-	-	-	-	110,230	-	-	-	-	293,243
Tenant security deposits	503,613	-	-	-	-	-	-	-	37,243	-	-	-	-	540,856
Deferred revenue	138,397	-	-	-	-	-	-	-	-	-	-	-	-	138,397
Curr. portion of long-term debt-cap proj	-	-	-	-	-	-	-	-	31,662	-	-	-	-	31,662
Curr. portion long-term debt-oper borrowing	12,830	-	-	-	-	-	-	-	-	-	-	-	-	12,830
Accrued liabilities-other	278,033	3,442	-	-	-	-	-	-	5,164	-	-	-	-	286,639
Interprogram-due from	-	-	(36,782)	(457,137)	(3,352,004)	-	-	(63,930)	(4,122,257)	(153,195)	-	-	(5,660)	(8,190,965)
Interprogram-due to	6,058,588	846,463	2,445	-	-	49,026	968,769	-	99,323	127,281	-	39,070	-	8,190,965
<b>Total current liabilities</b>	<b>9,275,876</b>	<b>1,284,082</b>	<b>(4,595)</b>	<b>(456,177)</b>	<b>(2,116,059)</b>	<b>286,594</b>	<b>1,032,747</b>	<b>(62,745)</b>	<b>(3,765,772)</b>	<b>148,443</b>	<b>5,733,443</b>	<b>52,349</b>	<b>-</b>	<b>11,408,186</b>
Non-current liabilities														
Long term debt, net of curr-capital proj.	-	-	-	-	-	-	-	-	1,677,999	-	-	-	-	1,677,999
Non-current liabilities-other	4,513	469,701	-	35,715	-	-	-	-	157,825	-	-	-	-	667,754
<b>Total non-current Liabilities</b>	<b>4,513</b>	<b>469,701</b>	<b>-</b>	<b>35,715</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,835,824</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,345,753</b>
<b>Total liabilities</b>	<b>9,280,389</b>	<b>1,753,783</b>	<b>(4,595)</b>	<b>(420,462)</b>	<b>(2,116,059)</b>	<b>286,594</b>	<b>1,032,747</b>	<b>(62,745)</b>	<b>(1,929,948)</b>	<b>148,443</b>	<b>5,733,443</b>	<b>52,349</b>	<b>-</b>	<b>13,753,939</b>
<b>Equity</b>														
Contributed Capital														
Contributed Capital-Proj notes (HUD)	2,999,456	-	-	-	-	-	-	-	-	-	-	-	-	2,999,456
Contr. Capital-Long term debt-HUD guarnt.	14,613,000	-	-	-	-	-	-	-	-	-	-	-	-	14,613,000
Net HUD PHA contributions	71,983,432	-	-	-	8,586,960	-	5,502,100	-	-	-	-	-	-	86,072,492
Other HUD Contributions	-	-	-	-	-	-	-	-	4,006,167	-	-	-	-	4,006,167
Other contributions	1,487,507	-	-	-	-	-	-	-	346,017	-	-	-	-	1,833,524
<b>Total Contributed capital</b>	<b>91,083,395</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,586,960</b>	<b>-</b>	<b>5,502,100</b>	<b>-</b>	<b>4,352,184</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>109,524,639</b>
Restricted Net Assets														
Undesignated fund balance/retained earnings	5,592,814	1,654,640	47,680	1,279,861	7,228,895	587,827	147,136	211,275	15,001,688	685,088	(5,344)	-	-	32,431,560
<b>Total Equity/Net Assets</b>	<b>96,676,209</b>	<b>1,654,640</b>	<b>47,680</b>	<b>1,279,861</b>	<b>15,815,855</b>	<b>587,827</b>	<b>5,649,236</b>	<b>211,275</b>	<b>19,353,872</b>	<b>685,088</b>	<b>(5,344)</b>	<b>-</b>	<b>-</b>	<b>141,956,199</b>
<b>Total Liabilities and Equity/Net Assets</b>	<b>\$ 105,956,598</b>	<b>\$ 3,408,423</b>	<b>\$ 43,085</b>	<b>\$ 859,399</b>	<b>\$ 13,699,796</b>	<b>\$ 874,421</b>	<b>\$ 6,681,983</b>	<b>\$ 148,530</b>	<b>\$ 17,422,924</b>	<b>\$ 833,531</b>	<b>\$ 5,728,099</b>	<b>\$ 52,349</b>	<b>\$ -</b>	<b>\$ 155,710,138</b>

The accompanying notes are an integral part of these financial statements.

**Columbus Metropolitan Housing Authority**  
**Supplemental Financial Data Schedules**  
**Statement of Revenue and Expenses**  
**As of December 31, 2001**

	Low Rent 14.850	Section 8 Vouchers 14.855	Section 8 Mod Rehab 14.856	Section 8 Certificates 14.857	CGP 14.859	Capital Fund 14.872	Hope VI 14.866	Shelter Care Plus 14.238	Other Business Ventures	Section 8 N/C S/R 14.182	AHSC 14.195	PHDEP 14.854	EDSS 14.864	Total
<b>Revenue</b>														
Net tenant rental revenue	\$ 5,080,919		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 696,057	\$ -		\$ -	\$ -	\$ 5,776,976
Total tenant revenue	5,080,919	-	-	-	-	-	-	-	696,057	-	-	-	-	5,776,976
HUD PHA operating grants	7,525,299	35,697,645	521,352	487,500	742,550	1,079,678	2,095,417	1,787,797	-	10,825,124	169,815,783	772,857	183,025	231,534,027
Capital Grants	-	-	-	-	7,228,895	587,827	147,136	-	-	-	-	-	-	7,963,858
Other government grants	962,813	-	-	-	-	-	-	-	2,500	-	-	-	-	965,313
Investment income - unrestricted	332,389	143,171	5,746	23,633	-	-	-	13,689	603,696	7,660	1,398	-	-	1,131,382
Proceeds from disposition of assets held for sale	-	-	-	-	-	-	-	-	19,015	-	-	-	-	19,015
Other revenue	227,578	20,038	352	-	-	-	-	2	558,789	5	-	-	-	806,764
Gain or loss on the sale of fixed assets	420,864	-	-	-	-	-	-	-	-	-	-	-	-	420,864
Investment income - restricted	77,519	-	-	-	-	-	-	-	24,273	-	-	-	-	101,792
Total Revenue	14,627,381	35,860,854	527,450	511,133	7,971,445	1,667,505	2,242,553	1,801,488	1,904,330	10,832,789	169,817,181	772,857	183,025	248,719,991
<b>Expenses</b>														
Administrative														
Administrative salaries	2,780,254	1,918,883	48,732	116,923	202,525	-	158,312	107,219	213,079	70,223	90,733	18,692	29,923	5,755,498
Auditing fees	47,557	44,148	1,432	232	-	-	-	-	4,620	1,909	-	-	-	99,898
Outside management fees	-	-	-	-	-	-	-	-	35,031	-	9,157,546	-	-	9,192,577
Employee benefit contributions- administrative	715,325	476,485	12,356	30,810	56,485	-	35,969	27,426	51,445	17,598	27,440	4,666	7,327	1,463,332
Other Administrative Expenses	1,767,320	579,176	14,594	83,463	68,702	27	54,273	36,961	443,504	17,116	254,212	287,414	145,775	3,752,537
Subtotal	5,310,456	3,018,692	77,114	231,428	327,712	27	248,554	171,606	747,679	106,846	9,529,931	310,772	183,025	20,263,842
Tenant services														
Tenant services - salaries	-	-	-	-	97,046	62,075	-	-	-	-	-	-	-	159,121
Relocation costs	-	-	-	-	-	3,509	-	-	-	-	-	-	-	3,509
Employee benefit contributions- tenant services	-	-	-	-	27,067	16,223	-	-	-	-	-	-	-	43,290
Tenant services - other	6,099	-	-	-	23,847	-	216,805	-	-	-	-	1,500	-	248,251
Subtotal	6,099	-	-	-	147,960	81,807	216,805	-	-	-	-	1,500	-	454,171
Utilities														
Water	1,045,786	947	39	160	-	-	-	90	24,527	52	-	-	-	1,071,601
Electricity	976,801	27,485	1,113	4,434	-	-	-	2,598	64,238	1,485	-	-	-	1,078,154
Gas	857,343	8	3	82	-	-	-	7	94,259	4	-	-	-	951,706
Subtotal	2,879,930	28,440	1,155	4,676	-	-	-	2,695	183,024	1,541	-	-	-	3,101,461
Ordinary maintenance & operation														
Ordinary maintenance and operations - labor	2,710,056	17,962	685	1,668	-	-	-	1,596	44,111	913	-	-	-	2,776,991
Ordinary maintenance and operations - materials & other	899,377	16,843	618	2,555	-	-	-	1,377	14,269	902	-	-	-	935,941
Ordinary maintenance and operations - contract costs	1,985,658	48,015	1,830	5,690	-	-	-	4,351	186,687	2,426	-	-	-	2,234,657
Employee benefit contributions- ordinary maintenance	697,264	4,460	174	440	-	-	-	408	10,965	229	-	-	-	713,940
Subtotal	6,292,355	87,280	3,307	10,353	-	-	-	7,732	256,032	4,470	-	-	-	6,661,529

The accompanying notes are an integral part of these financial statements.

**Columbus Metropolitan Housing Authority**  
**Supplemental Financial Data Schedules**  
**Statement of Revenue and Expenses**  
**As of December 31, 2001**

	Low Rent 14.850	Section 8 Vouchers 14.855	Section 8 Mod Rehab 14.856	Section 8 Certificates 14.857	CGP 14.859	Capital Fund 14.866	Hope VI 14.866	Shelter Care Plus 14.866	Other Business Ventures	Section 8 N/C S/R 14.182	AHSC 14.195	PHDEP 14.854	EDSS 14.864	Total
Protective services														
Protective services - labor	\$ -		\$ -	\$ -	\$ 130,132	\$ 101,438	\$ -	\$ -	\$ -	\$ -		\$ 368,586	\$ -	\$ 600,156
Protective services- other contract costs	-	425	18	83	100,451	77,730	-	41	144,055	24		-	-	322,827
Employee benefit contributions- protective services	-	-	-	-	36,295	26,511	-	-	-	-		91,999	-	154,805
Subtotal	-	425	18	83	266,878	205,679	-	41	144,055	24	-	460,585	-	1,077,788
General expenses														
Insurance premiums	239,408	9,442	368	1,114	-	-	-	857	13,136	491	1,682	-	-	266,498
Other General Expenses	-	-	-	-	-	-	-	-	2,786	-	-	-	-	2,786
Payments in lieu of taxes	183,013	-	-	-	-	-	-	-	75,879	-	-	-	-	258,892
Bad debt - tenant rents	200,750	-	-	-	-	-	-	-	3,539	-	-	-	-	204,289
Interest expense	-	-	-	-	-	-	-	-	148,231	-	-	-	-	148,231
Severance expense	27,729	1,050	-	-	-	-	-	-	-	-	-	-	-	28,779
Subtotal	650,900	10,492	368	1,114	-	-	-	857	243,571	491	1,682	-	-	909,475
Total Operating Expenses	15,139,740	3,145,329	81,962	247,654	742,550	287,513	465,359	182,931	1,574,361	113,372	9,531,613	772,857	183,025	32,468,266
Excess Operating Revenue over Operating Expenses	(512,359)	32,715,525	445,488	263,479	7,228,895	1,379,992	1,777,194	1,618,557	329,969	10,719,417	160,285,568	-	-	216,251,725
Extraordinary maintenance	182,769	807	34	157	-	-	1,630,058	78	24,320	45		-	-	1,838,268
Casualty losses - non-capitalized	2,580	-	-	-	-	-	-	-	-	-		-	-	2,580
Housing assistance payments	-	32,326,270	454,392	436,029	-	-	-	1,633,166	-	10,405,965	160,154,467	-	-	205,410,289
Depreciation expense	7,855,068	101,209	4,002	20,691	-	-	-	2,167	129,909	5,336	45,223	-	-	8,163,605
Subtotals	8,040,417	32,428,286	458,428	456,877	-	-	1,630,058	1,635,411	154,229	10,411,346	160,199,690	-	-	215,414,742
Total Expenses	23,180,157	35,573,615	540,390	704,531	742,550	287,513	2,095,417	1,818,342	1,728,590	10,524,718	169,731,303	772,857	183,025	247,883,008
Operating transfers in/(out)	792,165	-	-	-	-	(792,165)	-	-	-	-	-	-	-	-
Excess (Def.) of Total Rev. Over (Under) Total Exp.	\$ (7,760,611)	\$ 287,239	\$ (12,940)	\$ (193,398)	\$ 7,228,895	\$ 587,827	\$ 147,136	\$ (16,854)	\$ 175,740	\$ 308,071	\$ 85,878	\$ -	\$ -	\$ 836,983

The accompanying notes are an integral part of these financial statements.

**Columbus Metropolitan Housing Authority**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2001**

---

<b>Federal Grantor/ Pass-Through Grantor/Program Title</b>	<b>Catalog of Federal Domestic Assistance Number</b>	<b>Expenditures</b>
<b>U.S. Department of Housing and Urban Development:</b>		
Direct Programs:		
Low-Rent Public Housing—PHA-Owned and Leased	14.850	\$ 7,525,299
Public Housing Comprehensive Grant Program	14.859	7,971,445
Revitalization of Severely Distressed Public Housing	14.866	2,242,553
Public Housing Drug Elimination Program	14.854	772,857
Economic Development and Supportive Services Program	14.864	183,025
Public Housing Capital Fund Program	14.872	<u>1,667,505</u>
Subtotal—Public Housing		<u>20,362,684</u>
Section 8 Housing Assistance Program:		
Moderate Rehabilitation	14.856	521,352
Rental Vouchers	14.855	35,697,645
New Construction Certificates	14.857	487,500
Substantial Rehabilitation	14.182	10,825,124
Shelter Care Plus	14.238	<u>1,787,797</u>
Subtotal—Section 8 Housing Assistance Program		<u>49,319,418</u>
Section 8 Housing Assistance Payment Program Special Allocations	14.195	<u>169,815,783</u>
Total Federal Financial Assistance		<u>\$ 239,497,885</u>

The accompanying notes are an integral part of these financial statements.

# **Columbus Metropolitan Housing Authority**

## **Notes to Schedule of Federal Expenditures of Federal Awards**

---

### **1. Basis of Presentation**

The accompanying Schedule of Federal Financial Assistance 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 Office of Management and Budget Circular A-133, *Audits of State and Local Governments*.

### **2. Program Status**

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

The Columbus Metropolitan Housing Authority receives assistance in the form of an operating subsidy from HUD 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 2001, the receipt of \$177,995 was considered a federal pass-through to the Rosewind Limited Partnership (a related entity of the Authority).

**Columbus Metropolitan Housing Authority**  
**Schedule of Actual Modernization Costs**  
**Projects OH16-P001-707**

---

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

<u>Classification</u>	<u>Project OH16-P001-707</u>
Management improvements	1,075,687
Administration	235,916
Fees and costs	1,151,499
Site improvements	383,617
Dwelling structures	1,986,200
Dwelling equipment—nonexpendable	240
Nondwelling structures	2,296,240
Nondwelling equipment	791,226
Relocation costs	216,834
	<hr/>
Total costs	<u>\$ 8,137,459</u>

2. The distribution of costs by major cost accounts as shown on the Performance and Evaluation Report dated May 30, 2001 for Project OH16-P001-707, as submitted to HUD for approval, is in agreement with the Authority's records.
3. Funds advanced for Project OH16-P001-707 totaled \$8,137,459.

**Columbus Metropolitan Housing Authority**  
**Schedule of Actual Modernization Costs**  
**Projects OH16-P001-709**

---

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

<u>Classification</u>	<u>OH16-P001-709</u>
Site Improvements	\$ 20,750
Dwelling Structures	129,861
	<hr/>
Total costs	\$ 150,611
	<hr/>

2. The distribution of costs by major cost accounts as shown on the Performance and Evaluation Report dated August 6, 2001 for Project OH16-P001-709, as submitted to HUD for approval, is in agreement with the Authority's records.
3. Funds advanced for Project OH16-P001-709 totaled \$150,611.

**Report of Independent Accountants on Compliance and on Internal Control  
over Financial Reporting Based on an Audit of the Financial Statements  
Performed in Accordance with *Government Auditing Standards***

Board of Commissioners  
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, 2001, and have issued our report thereon dated April 18, 2002. 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; and the applicable requirements of the *U.S. Department of Housing and Urban Development Audit Guide for Audits of Public Housing Agencies and Indian Housing Authorities by Independent Public Accountants*.

**Compliance**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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* or the *U.S. Department of Housing and Urban Development Audit Guide for Audits of Public Housing Agencies and Indian Housing Authorities by Independent Public Accountants*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Commissioners and management of the Authority, the 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 those specified parties.

*Puccawaterhouse Cooper LLP*

April 18, 2002

**Report of Independent Accountants on Compliance with Requirements Applicable  
to Each Major Program and Internal Control Over Compliance  
in Accordance with OMB Circular A-133**

Board of Commissioners  
Columbus Metropolitan Housing Authority

**Compliance**

We have audited the compliance of 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*; and the provisions of the *Public and Indian Housing Compliance Supplement* dated May 29, 1996, that are applicable to each of its major federal programs for the year ended December 31, 2001. 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 Authority's management. Our responsibility is to express an opinion on 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 and Public and Indian Housing Compliance Supplement* dated May 29, 1996. 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 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 on 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, 2001.

#### **Internal Control Over Compliance**

The management of the Authority 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 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 and to test and report on internal control over compliance in accordance with *OMB Circular A-133* and *The Public and Indian Housing Compliance Supplement*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Commissioners and management of the Authority, the 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 those specified parties.

*PricewaterhouseCoopers LLP*

April 18, 2002

**Columbus Metropolitan Housing Authority**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2001**

---

**Section I - Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Reportable condition(s) identified that are not considered to be material weaknesses  yes  none reported

Noncompliance material to financial statements noted?  yes  no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified?  yes  no
- Reportable condition(s) identified that are not considered to be material weaknesses?  yes  none reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?  yes  no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.850	Low-Income Housing-PHA-Owned and Leased
14.195	Section 8 Housing Assistance Payment Program Special Allocations

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

Auditee qualified as low-risk auditee?  yes  no

**Columbus Metropolitan Housing Authority  
Schedule of Findings and Questioned Costs  
For the Year Ended December 2001**

---

**Section II - Financial Statement Findings**

No matters were noted.

**Section III – Findings and Questioned Costs**

No matters were noted.

**Section IV – Summary Schedule of Prior Audit Findings**

No findings reported in prior audit report.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**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 30, 2002**