

# **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, 2002**





**Auditor of State  
Betty Montgomery**

Board of Commissioners  
Columbus Metropolitan Housing Authority  
Columbus, Ohio

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, 2002 through December 31, 2002. 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 cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

June 9, 2003

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# Columbus Metropolitan Housing Authority

## Table of Contents

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	<b>Pages</b>
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	17
Statement of Revenue and Expenses	19
Schedule of Expenditures of Federal Awards	22
Notes to Schedule of Federal Expenditures of Federal Awards	23
Schedules of Actual Modernization Costs	24
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>	26
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	28
Schedule of Findings and Questioned Costs	30

## 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, 2002, 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 audit. We conducted our audit 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 4, 2003 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 4, 2003

# Columbus Metropolitan Housing Authority

## Consolidated Balance Sheet As of December 31, 2002

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<b>Assets</b>	
Cash and cash equivalents	\$ 10,202,399
Accounts receivable, net:	
Tenants, net of allowance for doubtful accounts of \$31,639	192,291
HUD	3,944,156
Other	1,232,799
Notes receivable, current	569,248
Investments	20,039,958
Investments, legally restricted, current	1,456,219
Inventory	253,392
Prepaid items and other	330,676
	<hr/>
Total current assets	38,221,138
	<hr/>
Notes receivable	23,902,132
Land, structures and equipment, net	99,109,433
Investments, legally restricted, non-current	4,388,062
Other non-current assets	633,628
	<hr/>
Total assets	\$ 166,254,393
	<hr/>
<b>Liabilities and Equity</b>	
Accounts payable:	
Trade	\$ 5,710,379
HUD	3,544,350
Other	221,792
Accrued expenses	1,919,524
Deferred credits	114,555
Trust and deposit liabilities	563,435
Notes payable, current	38,766
	<hr/>
Total current liabilities	12,112,801
	<hr/>
Bonds payable	5,420,000
Notes payable	1,646,068
Other liabilities	648,698
	<hr/>
Total liabilities	19,827,567
	<hr/>
Equity	146,426,826
	<hr/>
Total liabilities and equity	\$ 166,254,393
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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, 2002

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Operating revenue:	
HUD grants	\$ 286,657,387
Other government grants	331,793
Rental	5,651,062
Interest	778,966
Other	928,945
	<hr/>
Total operating revenue	294,348,153
Operating expenses:	
Housing assistance payments	248,614,959
Administration	21,907,904
Tenant services	222,378
Utilities	3,140,900
Ordinary maintenance and operation	6,736,806
Protective services	1,072,933
General expenses	750,256
Nonroutine maintenance	80,123
	<hr/>
Total operating expenses	282,526,259
Net operating income before other charges	11,821,894
Other financing sources and (uses):	
Depreciation	(8,053,884)
Gain on disposal of assets	852,139
Interest expense	(149,522)
	<hr/>
Net income	4,470,627
Equity, beginning of year	<hr/>
	141,956,199
Equity, end of year	<hr/>
	\$ 146,426,826

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, 2002

<b>Cash flows from operating activities</b>	
Net income	\$ 4,470,627
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	8,053,884
Gain on disposal of assets	(852,139)
Net increase in fair value of investments	(80,163)
Change in assets and liabilities:	
Tenant receivables	(69,982)
HUD receivables	1,522,749
Other receivables	(179,810)
Inventory	31,221
Prepaid items and other	(304,323)
Trade payables	957,583
HUD payables	(521,160)
Other payables	(71,451)
Accrued expenses	346,632
Trust and deposit liabilities	22,579
Other long-term liabilities	(14,543)
Deferred credits	(23,842)
	<hr/>
Net cash provided by operating activities	13,287,862
<b>Cash flows from investing activities</b>	
Acquisition of land, structures and equipment	(11,423,325)
Proceeds from disposal of land, structures and equipment	960,916
Issuance of note receivable	(261,990)
Cash collected on notes receivable	217,083
Sale/purchase of investments, net	(9,648,064)
	<hr/>
Net cash used in investing activities	(20,155,380)
<b>Cash flows from capital and related financing activities</b>	
Cash paid on notes payable	(42,170)
Proceeds from sale of bonds	5,403,925
	<hr/>
Net cash provided by capital and related financing activities	5,361,755
Net decrease in cash and cash equivalents	(1,505,763)
Cash and cash equivalents, beginning of year	<hr/> 11,708,162
Cash and cash equivalents, end of year	<hr/> \$ 10,202,399
<b>Supplemental Disclosure of Cash Flow Information</b>	
Interest paid	<hr/> \$ 126,852

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, 2002

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### 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.

The Authority provided 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.

# Columbus Metropolitan Housing Authority

## Notes to Financial Statements For the Year Ended December 31, 2002

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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 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 nine funds that provide resources for housing related activities. Five 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**

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, 2002

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### 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 other financing sources. 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 to prepare assets for its intended use are capitalized.

### 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. The statement requires enhanced disclosures and changes to the presentation of the financial statements.

Authority management is in the process of reviewing GASB 34 and assessing the impact of the statement on the Authority's financial statements. Management currently believes that the necessary changes will consist of the inclusion of a Management's Discussion and Analysis and the utilization of the direct method of cash flows.

### 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, 2002 are as follows:

# Columbus Metropolitan Housing Authority

## Notes to Financial Statements For the Year Ended December 31, 2002

Demand deposits:	
Bank balance	\$ 4,715,971
STAR Ohio	6,060,867
Items-in-transit	<u>(574,439)</u>
Carrying balance	<u>\$ 10,202,399</u>

Of the year-end cash balance, \$100,000 was covered by federal depository insurance, \$200 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.

At December 31, 2002, the Authority had \$6,060,867 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 2.23% to 4.60% and from 2.07% to 5.77% for U.S. federal agency bonds.

	<u>Amortized Cost</u>	<u>Gross Unrealized Gain/Loss</u>	<u>Fair Value</u>
At December 31, 2002:			
U.S. federal agency bonds	\$ 8,136,523	\$ 84,721	\$ 8,221,244
Certificates of deposit	7,296,954	-	7,296,954
Mutual funds	<u>4,526,318</u>	<u>(4,558)</u>	<u>4,521,760</u>
Total	<u>\$ 19,959,795</u>	<u>\$ 80,163</u>	<u>\$ 20,039,958</u>

The following investment balances relate to the issuance of Columbus Metropolitan Housing Authority Multifamily Housing Mortgage Revenue Bonds and are legally restricted as to their use (see Note 7.)

# Columbus Metropolitan Housing Authority

## Notes to Financial Statements For the Year Ended December 31, 2002

	<u>Amortized Cost</u>	<u>Gross Unrealized Gain/Loss</u>	<u>Fair Value</u>
At December 31, 2002:			
Guaranteed investment contract, current	\$ 1,456,219	\$ -	\$ 1,456,219
Guaranteed investment contract, non-current	4,388,062	-	4,388,062
 Total	 <u>\$ 5,844,281</u>	 <u>\$ -</u>	 <u>\$ 5,844,281</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, 2002, in addition to the legally restricted balances disclosed above, the Authority maintains cash balances of \$5,831,215 and investments of \$7,164,011 which are restricted to their use. Of these amounts, \$3,544,350 is to be refunded to HUD and \$10,135,255 is restricted to funding construction of housing.

### 3. Notes Receivable

In March 1997, the Authority entered into a "Loan Agreement" (the Note) with Rosewind Limited Partnership (see Note 11), for the construction of low-income housing. The Note matures 35 years from the date of the Note, and is payable without interest. The balance of the Note is \$17,739,107 as of December 31, 2002. The Authority is also due \$519,248 at December 31, 2002 for reimbursement of developer fees.

The Note 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 11) for the purchase of low-income housing for a maximum amount of \$10,000,000 without interest. 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 will be due 35 years from the date of the Note. The balance of the Note is \$5,951,035 at December 31, 2002.

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.

# Columbus Metropolitan Housing Authority

## Notes to Financial Statements For the Year Ended December 31, 2002

In October 2002, the Authority entered into a “Promissory Note” (the Note) with Waggoner Senior Housing Limited Partnership (see Note 11) for the development of low-income housing for the amount of \$262,000. The 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 Note. The balance of the Note is \$261,990 at December 31, 2002.

The Note is non-recourse and is collateralized by an open-end mortgage granting the Authority a security interest in certain real property of Waggoner Senior Housing 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. Depreciation does not commence until the grant associated with the asset is finalized. Land, structures and equipment as of December 31, 2002 are as follows:

Land	\$ 2,915,176
Site improvements	25,358,863
Buildings	151,725,018
Community buildings	11,213,614
Other assets	3,776,939
Construction in process	<u>18,143,011</u>
 Total	 213,132,621
 Accumulated depreciation	 <u>(114,023,188)</u>
 Net book value	 <u>\$ 99,109,433</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.

**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 \$1,577,282. A reconciliation of claims liabilities is shown below:



# Columbus Metropolitan Housing Authority

## Notes to Financial Statements For the Year Ended December 31, 2002

### Reconciliation of Claims Liabilities

Unpaid claims and claim adjustment expenses at beginning of year	\$ 174,498
Incurred claims and claim adjustment expenses:	
Provision for insured events of the current year	1,607,420
	<hr/>
Total incurred claims and claim adjustment expenses	1,781,918
	<hr/>
Payments:	
Claims and claim adjustment expenses attributable to insured events	
Current year	1,338,801
Prior year	168,992
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Unpaid claims and claim adjustment expenses at end of year	\$ 274,125
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The Authority makes payments to the Plan Trustee based on estimated amounts needed to pay prior and current year claims. The December 31, 2002 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. Bonds Payable

In December 2002, the Authority established Homes at Second Avenue LLC, which issued \$5,420,000 of Columbus Metropolitan Housing Authority Multifamily Housing Mortgage Revenue Bonds, Series 2002A for the construction of the New Village Homes Project. The bonds are collateralized by GNMA securities and mature as follows:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
November 20, 2007	\$120,000	3.000%
November 20, 2012	275,000	4.000%
November 20, 2022	790,000	4.950%
November 20, 2030	1,020,000	5.050%
November 20, 2044	3,215,000	5.125%
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	\$5,420,000	

# Columbus Metropolitan Housing Authority

## Notes to Financial Statements For the Year Ended December 31, 2002

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At December 31, 2002 the Authority recorded \$5,844,281 in escrow, which is invested in guaranteed investment contracts (see Note 2.) Of this total, \$368,941 represents funds restricted for the use of bond interest payments. This segregated amount represents the difference between the interest rate earned from the guaranteed investment contracts, in which the bond escrow is invested, and the higher interest rates payable to bondholders.

### 8. 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, 2002, the principal balance was \$1,680,321.

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

2003	\$ 34,253
2004	37,055
2005	40,087
2006	43,367
2007	46,767
Thereafter	<u>1,478,792</u>
Total	<u>\$ 1,680,321</u>

Additional notes payable consist of other current obligations of \$4,513.

### 9. 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 2002 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 \$1,296,982, \$1,125,248, and \$1,327,221 for the years ended December 31, 2002, 2001, and 2000, respectively.

# Columbus Metropolitan Housing Authority

## Notes to Financial Statements For the Year Ended December 31, 2002

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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.

### 10. 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 2002.

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.

### 11. 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, 2002, the Authority has incurred accounts payable to Rosewind Limited Partnership of approximately \$18,350 for pass-through funds to subsidiaries and recorded notes receivable (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 \$19,000 was made during 2002. 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, 2002. Amounts held in escrow at December 31, 2002 were \$204,900.

# Columbus Metropolitan Housing Authority

## Notes to Financial Statements For the Year Ended December 31, 2002

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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, 2002, the Authority has incurred accounts payable to Gender Road Limited Partnership of approximately \$50,353 for pass-through funds to subsidiaries and 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 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 2002. 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, 2002. Amounts held in escrow at December 31, 2002 were \$785,284.

In October 2002, the Authority established Waggoner Road LLC, which entered into the Waggoner Road Senior Limited Partnership. The general partner is Waggoner Senior Housing, Inc., a wholly owned subsidiary of the National Church Residencies, which has 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 Residencies have entered into development agreements to collaborate for co-development of the project.

The co-developers are spending an estimated amount of \$7,202,254 to develop 75 units (30 public housing units and 45 non-public housing units.) Of this amount, the Authority is investing a total of \$2,095,194 in HOPE VI funds (\$160,000 for administrative costs, \$180,000 for land acquisition, and \$1,755,194 to service the Series B bonds.) The land on which this construction will take place is wholly owned by the Authority; the Authority will enter into a ground lease with Waggoner Road Senior Limited Partnership for use of the land.

For the year ended December 31, 2002, the Authority recorded notes receivable (see Note 3) for amounts loaned to Waggoner Senior Housing Limited Partnership in connection with this development.

### **12. Uncompleted Contracts**

At December 31, 2002, the Authority has uncompleted contracts in the amount of \$11,141,584 for Comprehensive Grant Program.

# Columbus Metropolitan Housing Authority

## Notes to Financial Statements For the Year Ended December 31, 2002

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### 13. 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.

The Authority is involved in various litigation matters. There is one case outstanding for which management has accrued a potential liability at December 31, 2002. The ultimate disposition of other matters is uncertain; therefore, no adjustments have been made to the financial statements relating to those matters.

# Columbus Metropolitan Housing Authority

## Supplemental Financial Data Schedules Balance Sheet For the Year Ended December 31, 2002

Description	Low Rent 14,850	Section 8 Vouchers 14,855	Section 8 Mod Rehab 14,856	CGP 14,859	Capital Grant 14,872	Hope VI 14,806	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	Interprogram Elimination	Total
<b>ASSETS</b>														
Current Assets														
Cash - Unrestricted	\$ 840,220	\$ 632,717	\$ 41,767	\$ -	\$ -	\$ -	\$ 176,195	\$ 1,746,453	\$ 854,376	\$ 79,456	\$ -	\$ -	\$ -	\$ 4,371,184
Cash-restricted-modernization & develop	1,430,937	-	-	-	-	-	-	-	-	-	-	-	-	1,430,937
Cash-Other restricted	503	35,168	-	-	-	-	-	1,005,784	-	3,302,696	-	-	-	4,344,151
Cash-tenant security deposits	16,323	-	-	-	-	-	-	39,804	-	-	-	-	-	56,127
Total Cash	2,287,983	667,885	41,767	-	-	-	176,195	2,792,041	854,376	3,382,152	-	-	-	10,202,399
Accounts and notes receivables														
Accounts receivable-HUD other projects	521,942	-	7,079	-	67,523	481,790	9,807	-	65,759	2,704,634	85,622	-	-	3,944,156
Accounts receivable-other governments	933	-	-	-	-	-	-	-	-	-	-	-	-	933
Accounts receivable-miscellaneous	740,677	3,118	-	-	-	-	-	294,636	21,908	-	-	-	-	1,060,339
Accounts receivable-tenants-dwelling rent	223,930	-	-	-	-	-	-	-	-	-	-	-	-	223,930
Allowance f/doubtful accounts-dwell rent	(31,639)	-	-	-	-	-	-	-	-	-	-	-	-	(31,639)
Notes and Mortgages Receivables	50,000	-	-	-	-	-	-	519,248	-	-	-	-	-	569,248
Fraud Recovery	-	120,701	-	-	-	-	-	-	-	-	-	-	-	120,701
Allowance for doubtful accounts-fraud	-	(120,701)	-	-	-	-	-	-	-	-	-	-	-	(120,701)
Accrued interest receivable	48,747	14,093	-	-	-	-	-	108,687	-	-	-	-	-	171,527
Total receivables, net allow f/uncollect.	1,554,590	17,211	7,079	-	67,523	481,790	9,807	922,571	87,667	2,704,634	85,622	-	-	5,938,494
Current Investments														
Investments-unrestricted	3,770,008	2,585,731	-	-	-	-	-	6,520,208	-	-	-	-	-	12,875,947
Investments-restricted	2,161,476	500,000	-	-	-	-	-	5,958,754	-	-	-	-	-	8,620,230
Prepaid expenses and other assets	185,638	52,491	-	-	-	-	-	92,547	-	-	-	-	-	330,676
Inventories	303,507	-	-	-	-	-	-	-	-	-	-	-	-	303,507
Allowance for obsolete inventories	(50,115)	-	-	-	-	-	-	-	-	-	-	-	-	(50,115)
Interprogram-due from	-	-	27,279	-	-	-	-	-	156,040	-	6,577	-	(4,215,019)	-
Total Current Assets	10,213,087	3,823,318	76,125	-	67,523	481,790	186,002	20,311,244	1,098,083	6,086,786	92,199	-	(4,215,019)	38,221,138
Noncurrent Assets														
Fixed Assets														
Land	1,400,282	615,650	-	-	-	-	-	899,244	-	-	-	-	-	2,915,176
Buildings	185,568,652	-	-	-	-	-	-	2,728,862	-	-	-	-	-	188,297,494
Furniture equip. & machinery-dwellings	2,123,091	1,121,148	6,581	-	-	-	16,925	160,432	53,605	-	-	-	-	3,481,782
Furniture equip. & machinery-administr.	-	-	-	-	-	-	-	49,957	-	245,200	-	-	-	295,157
Accumulated depreciation	(112,994,909)	(427,827)	(4,341)	-	-	-	(4,357)	(458,339)	(31,250)	(102,165)	-	-	-	(114,023,188)
Construction in Progress	-	-	-	9,291,379	7,751,366	929,503	-	170,764	-	-	-	-	-	18,143,012
Total fixed assets,net of accum. deprec.	76,097,096	1,308,971	2,240	9,291,379	7,751,366	929,503	12,568	3,550,920	22,355	143,035	-	-	-	99,109,433
Other Non-Current Assets														
Notes & Mortgages Receivables-non curmt	23,640,142	-	-	-	-	-	-	261,990	-	-	-	-	-	23,902,132
Investments-restricted	-	-	-	-	-	-	-	4,388,062	-	-	-	-	-	4,388,062
Other Assets	-	-	-	-	-	-	-	633,470	-	-	-	-	-	633,470
Investments & Joint Ventures	-	-	-	-	-	-	-	158	-	-	-	-	-	158
Total Non-Current Assets	99,737,238	1,308,971	2,240	9,291,379	7,751,366	929,503	12,568	8,834,600	22,355	143,035	-	-	-	128,033,255
Total Assets	\$ 109,950,325	\$ 5,132,289	\$ 78,365	\$ 9,291,379	\$ 7,818,889	\$ 1,411,293	\$ 198,570	\$ 29,145,844	\$ 1,120,438	\$ 6,229,821	\$ 92,199	\$ -	\$ (4,215,019)	\$ 166,254,393

# Columbus Metropolitan Housing Authority

## Supplemental Financial Data Schedules Balance Sheet For the Year Ended December 31, 2002

Description	Low Rent 14,850	Section 8 Vouchers 14,855	Section 8 Mod Rehab 14,856	CGP 14,859	Capital Grant 14,872	Hope VI 14,806	Shelter Care Plus 14,238	Other Business Ventures	Section 8 N/C /SR 14,182	AHSC 14,195	PHDEP 14,854	EDSS 14,864	Interprogram Elimination	Total
<b>LIABILITIES AND EQUITY</b>														
<b>LIABILITIES</b>														
Current Liabilities														
Accounts Payable <90 Days	\$ 878,812	\$ 198,999	\$ 454	\$ -	\$ 719,236	\$ 491,757	\$ 962	\$ 58,237	\$ -	\$ 2,738,963	\$ 91,831	\$ -	\$ -	\$ 5,179,251
Accounts Payable >90 Days	18,815	-	-	-	512,313	-	-	-	-	-	-	-	-	531,128
Accrued wage/payroll taxes payable	677,821	207,855	-	-	-	-	-	20,517	-	1,654	-	-	-	907,847
Accrued compensated absences	280,331	88,839	-	-	-	-	-	11,050	-	3,661	-	-	-	383,881
Accrued contingency liability	270,852	-	-	-	-	-	-	-	-	-	-	-	-	270,852
Accrued interest payable	-	-	-	-	-	-	-	34,297	-	-	-	-	-	34,297
Accounts payable-HUD PHA Program	-	11,964	32,542	-	-	-	4,397	-	192,383	3,302,696	368	-	-	3,544,350
Accounts payable-other government	157,025	-	-	-	-	-	-	64,767	-	-	-	-	-	221,792
Tenant security deposits	523,631	-	-	-	-	-	-	39,804	-	-	-	-	-	563,435
Deferred revenue	113,494	61	-	-	-	-	-	1,000	-	-	-	-	-	114,555
Cur. portion of long-term debt-cap proj	4,513	-	-	-	-	-	-	34,253	-	-	-	-	-	38,766
Accrued liabilities-other	314,841	87	-	-	-	-	-	47,086	-	-	-	-	-	322,647
Interprogram-due to	3,840,159	325,953	-	-	-	-	1,821	-	-	-	-	-	(4,215,019)	-
Total current liabilities	7,080,294	833,758	32,996	-	1,231,549	491,757	7,180	318,730	192,383	6,046,974	92,199	-	(4,215,019)	12,112,801
Non-current liabilities														
Long term debt, net of cur-capital proj.	-	-	-	-	-	-	-	7,066,068	-	-	-	-	-	7,066,068
Non-current liabilities-other	-	476,660	-	-	-	-	-	172,038	-	-	-	-	-	648,698
Total non-current liabilities	-	476,660	-	-	-	-	-	7,238,106	-	-	-	-	-	7,714,766
Total Liabilities	\$ 7,080,294	\$ 1,310,418	\$ 32,996	\$ -	\$ 1,231,549	\$ 491,757	\$ 7,180	\$ 7,556,836	\$ 192,383	\$ 6,046,974	\$ 92,199	\$ -	\$ (4,215,019)	\$ 19,827,567
<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	79,545,300	-	-	-	-	-	-	-	-	-	-	-	-	79,545,300
Other HUD Contributions	-	-	-	-	-	-	-	4,006,167	-	-	-	-	-	4,006,167
Other contributions	1,487,507	-	-	-	-	-	-	346,017	-	-	-	-	-	1,833,524
Total Contributed capital	98,645,263	-	-	-	-	-	-	4,352,184	-	-	-	-	-	102,997,447
Undesignated fund balance/retained earnings	4,224,768	3,821,871	45,369	9,291,379	6,587,340	919,536	191,390	17,236,824	928,055	182,847	-	-	-	43,429,379
Total Equity/Net Assets	102,870,031	3,821,871	45,369	9,291,379	6,587,340	919,536	191,390	21,589,008	928,055	182,847	-	-	-	146,426,826
Total Liabilities and Equity/Net Assets	\$ 109,950,325	\$ 5,132,289	\$ 78,365	\$ 9,291,379	\$ 7,818,889	\$ 1,411,293	\$ 198,570	\$ 29,145,844	\$ 1,120,438	\$ 6,229,821	\$ 92,199	\$ -	\$ (4,215,019)	\$ 166,254,393

# Columbus Metropolitan Housing Authority

## Supplemental Financial Data Schedules Statement of Revenue and Expenses For the Year Ended December 31, 2002

Account Description	Low Rent 14,850	Section 8 Vouchers 14,855	Section 8 Med Rehab 14,856	CGP 14,859	Capital Grant 14,872	Hope VI 14,806	Shelter Care Plus 14,238	Other Business Ventures	Section 8 N/C, S/R 14,182	AHSC 14,195	PHIDEP 14,854	EDSS 14,864	Total
REVENUE:													
Net tenant rental revenue	\$ 4,935,265	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 715,797	\$ -	\$ -	\$ -	\$ -	\$ 5,651,062
Tenant revenue - other	4,935,265	-	-	-	-	-	-	715,797	-	-	-	-	5,651,062
Total tenant revenue	8,160,716	56,499,273	437,819	89,668	1,643,249	412,275	1,874,520	-	10,207,457	196,262,515	1,067,754	41,888	276,697,234
HUD PHA operating grants				3,347,878	6,117,595	494,680	-	-	-	-	-	-	9,960,153
Capital Grants													331,793
Other government grants	331,793	-	-	-	-	-	-	-	-	-	-	-	331,793
Investment income - unrestricted	221,425	87,578	1,007	-	-	-	4,449	400,320	9,542	587	-	-	724,908
Mortgage interest income	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from disposition of assets held for sale	-	-	-	-	-	-	-	35,168	-	-	-	-	35,168
Cost of sale of assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Fraud recovery	-	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue	242,977	3,347	63	-	-	-	-	682,530	28	-	-	-	928,945
Gain or loss on the sale of fixed assets	807,176	8,880	53	-	-	-	269	-	593	-	-	-	816,971
Investment income - restricted	37,882	-	-	-	-	-	-	16,176	-	-	-	-	54,058
<b>TOTAL REVENUE</b>	<b>\$ 14,737,234</b>	<b>\$ 56,599,078</b>	<b>\$ 438,942</b>	<b>\$ 3,437,546</b>	<b>\$ 7,760,844</b>	<b>\$ 907,055</b>	<b>\$ 1,879,238</b>	<b>\$ 1,849,991</b>	<b>\$ 10,217,620</b>	<b>\$ 196,263,102</b>	<b>\$ 1,067,754</b>	<b>\$ 41,888</b>	<b>\$ 295,200,292</b>
EXPENSES:													
Administrative													
Administrative salaries	2,877,366	2,267,507	38,089	60,116	261,418	230,915	97,623	241,032	76,813	102,691	40,126	-	6,293,696
Auditing fees	34,300	50,824	514	-	-	-	-	20,796	5,768	-	-	-	112,202
Outside management fees	-	-	-	-	-	-	-	35,958	-	10,231,213	-	-	10,267,171
Compensated absences	-	-	-	-	-	-	-	-	-	-	-	-	-
Employee benefit contributions- administrative	886,914	676,586	11,445	21,924	78,126	62,787	28,954	67,710	21,806	31,874	12,388	-	1,900,514
Other Administrative Expenses	1,214,225	756,956	5,457	7,627	17,538	118,674	29,831	346,870	50,724	234,790	509,741	41,888	3,334,321
Subtotal	5,012,805	3,751,873	55,505	89,667	337,082	412,376	136,408	712,366	155,111	10,600,568	562,255	41,888	21,907,904
Tenant services													
Tenant services - salaries	-	-	-	-	105,006	-	-	-	-	-	-	-	105,006
Relocation costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Employee benefit contributions- tenant services	-	-	-	-	31,382	-	-	-	-	-	-	-	31,382
Tenant services - other	85,990	-	-	-	-	-	-	-	-	-	-	-	85,990
Subtotal	85,990	-	-	-	136,388	-	-	-	-	-	-	-	222,378



# Columbus Metropolitan Housing Authority

## Supplemental Financial Data Schedules Statement of Revenue and Expenses For the Year Ended December 31, 2002

Account Description	Low Rent 14,850	Section 8 Vouchers 14,855	Section 8 Mod Rehab 14,856	CGP 14,859	Capital Grant 14,872	Hope VI 14,806	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
Utilities													
Water	\$ 1,140,656	\$ 1,080	\$ 9	\$ -	\$ -	\$ -	\$ 56	\$ 25,147	\$ 136	\$ -	\$ -	\$ -	\$ 1,167,084
Electricity	894,100	38,760	351	-	-	-	2,036	63,979	4,847	-	-	-	1,932,525
Gas	726,236	236	2	-	-	-	12	53,775	30	-	-	-	780,291
Fuel	-	-	-	-	-	-	-	-	-	-	-	-	-
Labor	-	-	-	-	-	-	-	-	-	-	-	-	-
Employee benefit contributions- utilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Other utilities expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	2,950,444	40,076	362	-	-	-	2,104	142,901	5,013	-	-	-	3,140,900
Ordinary maintenance & operation													
Ordinary maintenance and operations - labor	2,567,299	23,106	243	-	-	-	1,254	43,972	2,776	-	-	-	2,638,650
Ordinary maintenance and operations - materials & other	894,100	20,464	153	-	-	-	765	14,966	1,717	-	-	-	932,165
Ordinary maintenance and operations - contract costs	2,164,609	62,962	661	-	-	-	3,166	121,774	6,777	-	-	-	2,359,949
Employee benefit contributions-ordinary maintenance	791,339	6,894	73	-	-	-	372	9,518	788	-	-	-	808,984
Subtotal	6,417,347	113,426	1,130	-	-	-	5,557	190,230	12,088	-	-	-	6,737,748
Protective services													
Protective services - labor	-	-	-	-	225,157	-	-	-	-	-	383,001	-	608,158
Protective services- other contract costs	-	-	-	-	138,553	-	-	140,644	-	-	50	-	279,247
Protective services - other	-	-	-	-	-	-	-	-	-	-	-	-	-
Employee benefit contributions- protective services	-	-	-	-	67,290	-	-	-	-	-	118,238	-	185,528
Subtotal	-	-	-	-	431,000	-	-	140,644	-	-	501,289	-	1,072,933
General expenses													
Insurance premiums	287,015	49,332	526	-	-	-	2,690	18,362	5,905	1,680	-	-	365,510
Other General Expenses	-	6,332	-	-	-	-	-	200	-	-	-	-	6,532
Payments in lieu of taxes	157,025	-	-	-	-	-	-	64,767	-	-	-	-	221,792
Bad debt - tenant rents	125,536	-	-	-	-	-	-	(33)	-	-	-	-	125,503
Bad debt- mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-
Bad debt - other	-	-	-	-	-	-	-	149,522	-	-	-	-	149,522
Interest expense	21,683	2,721	-	-	-	-	-	1,729	576	-	4,210	-	30,919
Severance expense	391,239	58,385	526	-	-	-	2,690	234,547	6,481	1,680	4,210	-	895,778
Subtotal	15,057,845	3,963,760	57,523	89,667	924,470	412,376	166,759	1,420,688	178,663	10,602,248	1,067,754	41,888	33,983,642
TOTAL OPERATING EXPENSES	(320,611)	52,633,318	381,419	3,347,879	6,836,374	494,679	1,712,479	429,303	10,038,957	185,660,854	-	-	261,216,650
EXCESS OVER REVENUE OVER OPERATING EXP.													
Extraordinary maintenance	72,498	-	-	-	-	-	-	7,625	-	-	-	-	80,123
Casualty losses - non-capitalized	(2,942)	-	-	-	-	-	-	-	-	-	-	-	(2,942)
Housing assistance payments	-	51,304,154	382,201	-	-	-	1,724,549	-	9,778,831	185,425,224	-	-	248,614,959
Depreciation expense	7,689,903	143,794	1,529	-	-	-	7,815	146,245	17,159	47,439	-	-	8,053,884
Fraud losses	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlays- governmental funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt principal payment- governmental funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Dwelling units rent expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotals	7,759,459	51,447,948	383,730	-	-	-	1,732,364	153,870	9,795,990	185,472,663	-	-	256,746,024
TOTAL EXPENSES	22,817,304	55,411,708	441,253	89,667	924,470	412,376	1,899,123	1,574,558	9,974,653	196,074,911	1,067,754	41,888	290,729,666

# Columbus Metropolitan Housing Authority

## Supplemental Financial Data Schedules Statement of Revenue and Expenses For the Year Ended December 31, 2002

Account Description	Low Rent	Section 8 Vouchers	Section 8 Mod Rehab	Section 8 CP	Capital Grant	Hope VI	Shelter Care Plus	Other Business Ventures	Section 8 NC S/R	AHSC	PHDEP	EDSS	Total
OTHER FINANCING SOURCES (USES)													
Operating transfers in	\$ 1,018,780	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,018,780
Operating transfers out	-	(300,000)	-	-	(718,780)	-	-	-	-	-	-	-	(1,018,780)
TOTAL OTHER FINANCING SOURCES (USES)	1,018,780	(300,000)	-	-	(718,780)	-	-	-	-	-	-	-	-
EXCESS (DEF.) OF TOTAL REV. OVER (UNDER) TOTAL EXP.	(7,061,290)	887,370	(2,311)	3,347,879	6,117,594	494,679	(19,885)	275,433	242,967	188,191	-	-	4,470,627

# Columbus Metropolitan Housing Authority

## Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2002

Federal Grantor/ Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Expenditures
<b>U.S. Department of Housing and Urban Development:</b>		
Direct Programs:		
Low-Rent Public Housing—PHA-Owned and Leased	14.850	\$ 8,160,716
Public Housing Drug Elimination Program	14.854	1,067,754
Public Housing Comprehensive Grant Program	14.859	3,437,546
Economic Development and Supportive Services Program	14.864	41,888
Revitalization of Severely Distressed Public Housing	14.866	907,055
Public Housing Capital Fund Program	14.872	<u>7,760,844</u>
Subtotal—Public Housing		<u>21,375,803</u>
Section 8 Housing Assistance Program:		
Substantial Rehabilitation	14.182	10,207,457
Shelter Care Plus	14.238	1,874,520
Rental Vouchers	14.855	56,499,273
Moderate Rehabilitation	14.856	<u>437,819</u>
Subtotal—Section 8 Housing Assistance Program		<u>69,019,069</u>
Section 8 Housing Assistance Payment Program Special Allocations	14.195	<u>196,262,515</u>
Total Federal Financial Assistance		<u>\$ 286,657,387</u>

# Columbus Metropolitan Housing Authority

## Notes to Schedule of Federal Expenditures of Federal Awards

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### 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 2002, the receipt of \$225,134 and of \$50,353 were considered a federal pass-through to the Rosewind Limited Partnership and the Gender Road 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 2002 the Authority provided \$25,000 to the Partnership for this purpose.

# Columbus Metropolitan Housing Authority

## Schedule of Actual Modernization Costs Project OH16-P001-708

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

<u>Classification</u>	<u>Project OH16-P001-708</u>
Management improvements	\$ 726,000
Administration	273,195
Fees and costs	1,150,012
Site improvements	407,663
Dwelling structures	7,025,866
Dwelling equipment—nonexpendable	31,246
Nondwelling structures	42,679
Nondwelling equipment	229,488
Relocation costs	17,726
 Total costs	 <u>\$ 9,903,875</u>

2. The distribution of costs by major cost accounts as shown on the Performance and Evaluation Report dated May 17, 2002 for Project OH16-P001-708, as submitted to HUD for approval, is in agreement with the Authority’s records.
3. Funds advanced for Project OH16-P001-708 totaled \$9,903,875.

# Columbus Metropolitan Housing Authority

## Schedule of Actual Modernization Costs Project OH16-R001-501

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

<u>Classification</u>	<u>Project OH16-R001-501</u>
Fees and costs	\$ 13,618
Dwelling structures	<u>242,077</u>
Total costs	<u>\$ 255,695</u>

2. The distribution of costs by major cost accounts as shown on the Performance and Evaluation Report dated June 11, 2002 for Project OH16-R001-501, as submitted to HUD for approval, is in agreement with the Authority's records.
3. Funds advanced for Project OH16-R001-501 totaled \$255,695.

**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, 2002, and have issued our report thereon dated April 4, 2003. 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 4, 2003



**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 March 2002, that are applicable to each of its major federal programs for the year ended December 31, 2002. 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 March 2002. 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, 2002.

### **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.

*Pucawatchhouse Cooper LLP*

April 4, 2003

# Columbus Metropolitan Housing Authority

## Schedule of Findings and Questioned Costs For the Year Ended December 2002

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### 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>
14.182	Substantial Rehabilitation
14.195	Section 8 Housing Assistance Payment Program Special Allocations
14.850	Low-Income Housing-PHA-Owned and Leased
14.855	Rental Vouchers
14.859	Public Housing Comprehensive Grant Program
14.872	Public Housing Capital Fund Program

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 2002**

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### **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.



**Auditor of State  
Betty Montgomery**

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**COLUMBUS METROPOLITAN HOUSING AUTHORITY**

**FRANKLIN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 24, 2003**