

# **Lucas Metropolitan Housing Authority**

---

**Financial Report  
with Additional Information  
June 30, 2001**





**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  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

To the Board of Commissioners  
Lucas Metropolitan Housing Authority

We have reviewed the independent auditor's report of the Lucas Metropolitan Housing Authority, Lucas County, prepared by Plante & Moran LLP, for the audit period July 1, 2000 through June 30, 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 Lucas Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

**JIM PETRO**  
Auditor of State

April 12, 2002

**This Page is Intentionally Left Blank.**

# Lucas Metropolitan Housing Authority

## Contents

<b>Report Letter</b>	1-2
<b>General Purpose Financial Statements</b>	
Balance Sheet	3
Statement of Revenue and Expense	4
Statement of Equity	5
Statement of Cash Flows	6
Notes to Financial Statements	7-16
<b>Additional Information</b>	
Schedule of Assets, Liabilities, and Equity by Program	17
Schedule of Revenue and Expense by Program	18-19
Schedule of Units Under Management	20
Actual Modernization Cost Certificate – 70798	21



**Plante & Moran, LLP**  
3434 Granite Circle  
P.O. Box 353090  
Toledo, OH 43635-3090  
Tel: 419.843.6000  
Fax: 419.843.6099  
www.plantemoran.com

## Independent Auditor's Report

To the Board of Commissioners  
Lucas Metropolitan Housing Authority

We have audited the accompanying general purpose financial statements of the Lucas Metropolitan Housing Authority (the "Authority") as of June 30, 2001 and for the year then ended, as listed in the table of contents. 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. The general purpose financial statements of the Lucas Metropolitan Housing Authority for the year ended June 30, 2000 were audited by other auditors, whose report dated November 30, 2000 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2001 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 12, during the current year the Authority adopted GASB Statement 33. As a result, all government grant revenue is recognized only when available to finance expenditures of the current period and capital contributions that result from non-exchange transactions are reported as income items, rather than as direct increases to contributed capital.

To the Board of Commissioners  
Lucas Metropolitan Housing Authority  
Page 2

Our audit was made for the purpose of forming an opinion on the 2001 general purpose financial statements taken as a whole. The additional information included on pages 17 through 21 is presented for purposes of additional analysis, is not a required part of the general purpose financial statements of the Lucas Metropolitan Housing Authority. Such information for 2001 has been subjected to the auditing procedures applied in the audit of the 2001 general purpose financial statements and, in our opinion, is fairly stated, in all material respects in relation to the general purpose financial statements taken as a whole. The 2000 general purpose financial statements were audited by other auditors whose report dated November 30, 2000 on the accompanying 2000 schedule of revenue and expense by program stated that such information was fairly stated in all material respects in relation to the 2000 general purpose financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2002 on our consideration of the Lucas Metropolitan Housing Authority's internal control over financial reporting and our tests of its compliance with certain 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.

*Plante & Moran, LLP*

January 24, 2002

# Lucas Metropolitan Housing Authority

## Balance Sheet

	June 30	
	2001	2000
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 5,058,512	\$ 5,558,832
Investments	4,678,742	8,421,416
Grants receivable	1,950,993	-
Tenant receivables - Net of allowance for doubtful accounts of \$123,016 and \$82,387 in 2001 and 2000, respectively	71,885	149,373
Interest receivable	78,772	83,973
Inventory	542,186	362,322
Prepaid expenses	469,807	126,769
Total current assets	12,850,897	14,702,685
<b>Non-current Assets</b>		
Restricted cash and investments	5,689,227	774,310
Work in process	6,151,590	5,084,036
Property and equipment - Net of accumulated depreciation of \$79,846,426 and \$73,534,452 in 2001 and 2000, respectively	-	69,543,012
Other assets	75,813	75,813
Total assets	<b>\$ 91,305,718</b>	<b>\$ 90,179,856</b>
<b>Liabilities and Equity</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 2,929,729	\$ 1,296,170
Security and other trust deposits	427,714	693,734
Deferred revenue	1,365,979	-
Accrued compensation	1,359,209	1,488,233
Other current liabilities	827,496	88,131
Total liabilities	6,910,127	3,566,268
<b>Equity</b>		
Contributed capital	68,367,808	74,896,145
Retained earnings	16,027,783	11,717,443
Total equity	84,395,591	86,613,588
Total liabilities and equity	<b>\$ 91,305,718</b>	<b>\$ 90,179,856</b>



# Lucas Metropolitan Housing Authority

## Statement of Revenue and Expense

	Year Ended June 30	
	2001	2000
<b>Revenue</b>		
HUD grants	\$ 31,357,033	\$ 23,806,023
Rental income	5,292,748	4,926,784
Gain on sale of property and equipment	149,909	1,181,491
Other income	892,533	608,576
Interest income	781,215	544,952
Total revenue	38,473,438	31,067,826
<b>Expenses</b>		
Housing assistance payments	14,108,596	14,410,691
Administrative salaries	3,556,417	3,670,639
Utilities	3,927,959	3,295,440
Material and labor	4,850,154	3,217,245
Sundry administration	1,246,092	1,523,685
Employee benefits	1,341,378	1,495,123
Contract services	1,387,676	1,378,005
Resident services	1,770,629	1,370,532
General	1,654,921	1,136,013
Nonroutine maintenance	92,923	61,327
Protective service	63,472	51,899
Total expenses before depreciation	34,000,217	31,610,599
<b>Income (Loss) - Before depreciation</b>	4,473,221	(542,773)
Depreciation	6,691,218	6,210,537
<b>Net Loss</b>	<b>\$ (2,217,997)</b>	<b>\$ (6,753,310)</b>

# Lucas Metropolitan Housing Authority

## Statement of Equity

	Year Ended June 30	
	2001	2000
<b>Retained Earnings</b> - Beginning of year	\$ 11,717,443	\$ 12,260,216
Transfer from contributed capital for depreciation	6,528,337	6,210,537
Net loss	<u>(2,217,997)</u>	<u>(6,753,310)</u>
<b>Retained Earnings</b> - End of year	<u>16,027,783</u>	<u>11,717,443</u>
<b>Contributed capital</b> - Beginning of year	74,896,145	74,998,327
Additions to capital	-	6,108,355
Depreciation	<u>(6,528,337)</u>	<u>(6,210,537)</u>
<b>Contributed Capital</b> - End of year	<u>68,367,808</u>	<u>74,896,145</u>
<b>Total Equity</b> - End of year	<u><b>\$ 84,395,591</b></u>	<u><b>\$ 86,613,588</b></u>

# Lucas Metropolitan Housing Authority

## Statement of Cash Flows

	Year Ended June 30	
	2001	2000
<b>Cash Flows from Operating Activities</b>		
Net loss	\$ (2,217,997)	\$ (6,753,310)
Adjustments to reconcile net loss to net cash from operating activities:		
Depreciation	6,691,218	6,210,537
Gain on sale of property and equipment	(149,909)	(1,181,491)
Proceeds from HUD capital activities included in operations	(4,410,310)	-
(Increase) decrease in operating assets:		
Receivables	(1,868,304)	809,932
Inventory	(179,864)	137,675
Prepaid expenses and other assets	(343,038)	218,020
Increase (decrease) in operating liabilities		
Accounts payable	1,633,559	455,125
Accrued compensation	(129,024)	74,432
Deferred revenue and other current liabilities	2,105,344	5,044
Security and other trust deposits	(266,020)	(23,775)
Net cash provided by (used in) operating activities	865,655	(47,811)
<b>Cash Flows from Capital and Related Financing Activities</b>		
Proceeds from HUD capital activities	4,410,310	6,108,355
Proceeds from sale of property and equipment	149,909	1,427,861
Purchase of property and equipment	(4,753,951)	(6,085,628)
Net cash provided by (used in) capital and related financing activities	(193,732)	1,450,588
<b>Cash Flows from Investing Activities -</b>		
Net investment activity	(1,172,243)	(561,193)
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	(500,320)	841,584
<b>Cash and Cash Equivalents - Beginning of year</b>	5,558,832	4,717,248
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 5,058,512</b>	<b>\$ 5,558,832</b>

# Lucas Metropolitan Housing Authority

Notes to Financial Statements  
June 30, 2001 and 2000

## Note 1 - Summary of Significant Accounting Policies

**Reporting Entity** - The Lucas Metropolitan Housing Authority ("LMHA" or "Authority") was created under the Ohio Revised Code Section 3735.27 to engage in the acquisition, development, leasing, and administration of a low-rent housing program. An Annual Contributions Contract (ACC) was signed by the Lucas Metropolitan Housing Authority and the U.S. Department of Housing and Urban Development (HUD), under the provisions of the ACC and all applicable provisions of the United States Housing Act of 1937 (42 U.S.C. 1437 Section 1.1). The Authority was also created in accordance with state law to eliminate housing conditions that are detrimental to the public peace, health, safety, morals, or welfare by purchasing, acquiring, constructing, maintaining, operating, improving, extending, and repairing housing facilities.

The accounting policies of the Authority conform to generally accepted accounting principles as applicable to governmental units.

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB), Statement No. 14 is the "primary government." A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability is the ability of the primary government to impose its will upon the potential component unit. These criteria were considered in determining the reporting entity. The Authority has no component units.

**Basis of Accounting** - The accompanying combined financial statements have been prepared on the accrual basis of accounting, whereas revenue and expenses are recognized in the period earned or incurred. All transactions are accounted for in a single enterprise fund.

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

# Lucas Metropolitan Housing Authority

## Notes to Financial Statements June 30, 2001 and 2000

### Note 1 - Summary of Significant Accounting Policies (Continued)

**Cash and Cash Equivalents** - The Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**Tenant Receivables - Recognition of Bad Debts** - Bad debts are provided on the allowance method based on management's evaluation of the collectibility of outstanding tenant receivable balances at the end of the year.

**Inventory** - Inventories and materials are stated at cost (first-in, first-out method) which approximates market.

**Property and Equipment** - Property and equipment is recorded at cost. Costs that materially add to the productive capacity or extend the life of an asset are capitalized while maintenance and repair costs are expensed as incurred. Depreciation is recorded on the straight-line method over the useful lives of the assets.

**Work in Process** - Work in process consists of capital projects in process funded primarily by the Comprehensive and Capital Grants programs.

**Investments** - Investments are stated at fair value. Cost-based measures of fair value were applied to non-negotiable certificates of deposit and money market investments.

**Restricted Cash and Investments** - Restricted cash and investments represent amounts held in escrow on behalf of tenants and replacement reserves.

### Note 2 - Deposits and Investments

**Deposits** - The Authority's deposits and investments are included on the balance sheet under the following classifications:

	<u>June 30, 2001</u>	<u>June 30, 2000</u>
Cash and cash equivalents	\$ 5,058,512	\$ 5,558,832
Investments	4,678,742	8,421,416
Restricted cash and investments	<u>5,689,227</u>	<u>774,310</u>
Total	<u>\$15,426,481</u>	<u>\$14,754,558</u>

# Lucas Metropolitan Housing Authority

## Notes to Financial Statements June 30, 2001 and 2000

### Note 2 - Deposits and Investments (Continued)

The above amounts are classified by the Governmental Accounting Standards Board Statement Number 3 in the following categories:

	2001	2000
Bank deposits (checking accounts, savings accounts and certificates of deposit)	\$ 5,057,212	\$ 5,557,532
Investments in securities, bank investment pools, interlocal investment pools, commercial paper and mutual funds	10,367,969	9,195,726
Petty cash or cash on hand	1,300	1,300
Total	<b>\$15,426,481</b>	<b>\$14,754,558</b>

### Deposits

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Authority’s treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts. Inactive deposits are public deposits that the Authority has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

# Lucas Metropolitan Housing Authority

Notes to Financial Statements  
June 30, 2001 and 2000

## Note 2 - Deposits and Investments (Continued)

The Authority's deposits are categorized to give an indication of the level of risk assumed by the entity at year end. Category 1 includes deposits that are insured or collateralized with securities held by the Authority or its safekeeping agent in the Authority's name. Category 2 includes uninsured deposits collateralized with securities held by the pledging financial institution's trust department or safekeeping agent in the Authority's name.

Category 3 includes uninsured and uncollateralized deposits, including any bank balance that is collateralized with securities held by the pledging institution, or by its trust department or safekeeping agent, but not in the Authority's name.

The carrying amount of Authority's deposits are \$5,058,512 and \$5,557,532 at June 30, 2001 and 2000, respectively.

The following show the Authority's deposits (bank balances) in each category:

- Category 1        \$100,000 was covered by federal depository insurance at June 30, 2001 and 2000.
  
- Category 3        \$4,958,512 and \$5,457,532 was covered by collateral held by the pledging financial institution, but not in the name of the Authority at June 30, 2001 and 2000, respectively.

Collateral is required for demand deposits and certificates of deposit at 110 percent of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities, school districts, and district corporations. Obligations pledged to secure deposits must be delivered to a bank other than the institution in which the deposit is made. Written custodial agreements are required.

# Lucas Metropolitan Housing Authority

Notes to Financial Statements  
June 30, 2001 and 2000

## Note 2 - Deposits and Investments (Continued)

### Investments

HUD, State Senate and Board Resolutions authorize the Authority to invest in obligations of U.S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository fund, super NOW accounts, sweep accounts, bonds and other obligations of this State, and the State Treasurer’s investment pool. Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of conformation of transfer from the custodian.

The Authority’s investments are categorized to give an indication of the level of risk assumed by the entity at year end. Category A includes investments that are insured or registered or for which the securities are held by the Authority or its agent in the Authority’s name. Category B includes uninsured and unregistered investments for which the securities are held by the counterparty’s Trust department or agent in the Authority’s name. Category C includes uninsured and unregistered investments for which securities are held by the counterparty or its Trust department but not in the Authority’s name. Star Ohio is not classified, since it is not evidenced by securities that exist in physical or book entry form. The Authority’s investments, except Star Ohio, are all Category A and consist of the following at June 30:

Investment	2001 Carrying Amount	2000 Carrying Amount
Government securities	\$ 7,207,679	\$ 5,720,686
Commercial paper	3,140,428	2,834,746
Star Ohio	19,862	640,294
Total investments	\$ 10,367,969	\$ 9,195,726



# Lucas Metropolitan Housing Authority

## Notes to Financial Statements June 30, 2001 and 2000

### Note 3 - Property and Equipment

A summary of property and equipment by class is as follows at June 30:

	2001	2000
Buildings and improvements	\$ 137,167,980	\$ 133,220,360
Land and improvements	6,592,394	6,556,711
Furniture and fixtures, equipment and moving vehicles	2,624,243	3,300,392
Total property and equipment	146,384,617	143,077,463
Less accumulated depreciation	(79,846,426)	(73,534,451)
Net property and equipment	\$ 66,538,191	\$ 69,543,012

### Note 4 - Administrative Fee

The Authority receives an administrative fee as part of the annual contribution from HUD to cover the costs (including overhead) of administering the Section 8 Housing Assistance Payments (HAP) Programs. The fee is a percentage of a HUD determined base rate for each unit per month under HAP contracts. The rates are as follows:

- A. Certificates, vouchers and moderate rehabilitation:
  - Certificates \$41.75/Unit
  - Vouchers \$42.22/Unit
  - Moderate rehabilitation \$44.04 /Unit
- B. New Construction - All Units 3.0 percent or approximately \$25.13/Unit

The total administrative fees received for the years June 30, 2001 and 2000 were \$1,480,328 and \$2,095,898, respectively.

# Lucas Metropolitan Housing Authority

Notes to Financial Statements  
June 30, 2001 and 2000

## Note 6 - Retirement and Other Benefit Plans

The employees of the Authority are covered by the Public Employees Retirement System of Ohio (PERS), a statewide cost-sharing multiple-employer defined benefit pension plan. PERS provides postretirement healthcare and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. PERS issues a publicly available financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 466-2085.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.50 percent of qualifying wages for all employees. The 2000 employer contribution rate was 8.13 percent of covered payroll (for July – December, 2000), due to a 20 percent rollback, which PERS institute to decrease the employer contribution rate. In 2001 (January – June, 2001), the employer contribution rate was 13.55 percent. Required employer contributions are equal to 100 percent of the dollar amount billed to each employer and must be extracted from the employer's records.

The Authority's contributions to PERS for the years ending June 30, 2001, 2000, and 1999 were \$706,195, \$831,140, and \$717,148 respectively. All required contributions were made prior to each of those fiscal year ends.

Public Employees Retirement System of Ohio provides postretirement health care coverage to age and service retirees with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 2000 employer contribution rate was 10.84 percent of covered payroll; 4.30 percent was the portion that was used to fund health care for the year 2000.

OPEB is financed through employer contributions and investment earnings thereon. The contributions allocated to retiree health and Medicare, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely.

# Lucas Metropolitan Housing Authority

---

Notes to Financial Statements  
June 30, 2001 and 2000

## Note 6 - Retirement and Other Benefit Plans (Continued)

As of December 31, 2000, the estimated net assets available for future OPEB payments were \$10,805,500 per the latest Actuarial Review. The number of active contributing participants was 401,339.

The Authority may participate in a statewide deferred compensation plan created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the Plan, the deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Plan Agreement states that the Authority and the Ohio Public Employees Deferred Compensation Board have no liability for losses under the Plan with the exception of fraud or wrongful taking.

## Note 7 - Compensated Absences

Vacation and sick leave policies are established by agreement between the Authority and the American Federation of State, County and Municipal Employees, AFL-CIO, for members of the bargaining unit, and by personnel policy for management employees not covered by the labor agreement.

For both union and non-union employees, these agreements provide for two weeks of paid vacation after one year of service, with an additional week for every five years of service thereafter, to a maximum of six weeks per year. Vacation time relating to a maximum of two years of service may be accumulated before it is lost.

For union personnel, the labor agreement provides for sick leave pay to be credited at a rate of eight hours per month, up to a maximum of 249 days. By limiting the use of sick leave during the fiscal year, an employee may elect to receive either bonus attendance time, to a maximum of five days, or an incentive bonus, to a maximum of \$500. Non-union personnel have the same provisions under the personnel policies.

For union personnel, in the event of termination of employment after ten consecutive years of service, or due to retirement, such employees are entitled to receive payment for one-half of their accumulated sick leave (maximum of 204 days accumulated, with a maximum payout of 102 days). The employee is also entitled to receive payment for any accumulated and unused vacation time. In the event of the death of an employee, the designated beneficiary shall receive such payments.

# Lucas Metropolitan Housing Authority

---

Notes to Financial Statements  
June 30, 2001 and 2000

## Note 7 - Compensated Absences (Continued)

For employees not covered under the labor agreement, in the event of termination of employment after five consecutive years of service, or due to retirement, such employees are entitled to receive payment for one-half of their accumulated sick leave (maximum of 249 days accumulated, with a maximum payout of 124.5 days). The employee is also entitled to receive payment for any accumulated and unused vacation time. In the event of the death of an employee, the designated beneficiary shall receive such payments.

All employees become eligible for longevity pay at the end of five years of service at which time, longevity pay begins to accrue from their anniversary date. Union personnel receive longevity pay at their 1991 pay levels at the rate of 2%, 4%, and 6% for 5 years, 10 years, and 15 years of service respectively. Non-union personnel receive longevity pay at their current pay levels at the rate of 1%, 2%, and 3% for 5 years, 10 years, and 15 years of service, respectively. At June 30, 2001 and 2000, \$1,216,140 and \$1,171,817, respectively, of vested vacation, sick leave, and longevity was accrued by the Authority, for both union and non-union personnel. Nonvested amounts are not material to the financial statements and have not been accrued.

## Note 8 - Insurance

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

## Note 9 - Commitments and Contingencies

**Grants** - The Authority received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Authority. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Authority at June 30, 2001 and 2000, respectively.

**Commitments** - The Authority is obligated to complete modernization phases to renovate various facilities. There are currently two open phases totaling \$3,562,637 which the Authority has approved funding from HUD to complete.

# Lucas Metropolitan Housing Authority

---

Notes to Financial Statements  
June 30, 2001 and 2000

## Note 9 - Commitments and Contingencies (Continued)

**Litigation and Claims** - In the normal course of operations, the Authority may be subject to litigation and claims. At June 30, 2001 and 2000, the Authority was involved in several such matters. While the outcome of the above matters cannot presently be determined, management believes that their ultimate resolution will not have a material effect on the financial statements.

## Note 12 - Accounting Change

During the current year, the Authority adopted GASB Statement 33. In connection with the adoption of Statement 33, all capital contributions from non-exchange transactions must be reported as income items. Prior to this statement, all capital contributions were reported as direct increases to contributed capital. Beginning retained earnings and contributed capital have not been restated for the cumulative effect of this change on prior periods. The effect of this pronouncement was to increase net income in the current year by approximately \$7,000,000.

## Note 13 - Upcoming Reporting Change

For the year beginning July 1, 2002, the Authority plans to adopt GASB Statement 34. This will revise the way the information is presented in these financial statements, including the presentation of a Management's Discussion and Analysis.

**This Page is Intentionally Left Blank.**

## **Additional Information**

---

# Lucas Metropolitan Housing Authority

	Low Rent	Home Ownership	Section 8 Program
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 1,415,375	\$ 15,962	\$ 3,316,208
Investments	2,499,906	-	1,560,814
Due from other funds	2,450,634		
Grants receivable	-	-	129,742
Tenant receivables - Net of allowance for doubtful accounts of \$123,016 and \$82,387 in 2001 and 2000, respectively	66,576	-	-
Interest receivable	23,573	-	-
Inventory	540,389	-	1,797
Prepaid expenses	115,093	-	354,714
Total current assets	7,111,546	15,962	5,363,275
Restricted cash and investments	422,722	-	463,264
Work in process	-	-	195,964
Property and equipment - Net of accumulated depreciation of \$79,846,426 and \$73,534,451, respectively	66,298,076	12,101	57,699
Other assets	75,813	-	-
Total assets	<b>\$ 73,908,157</b>	<b>\$ 28,063</b>	<b>\$ 6,080,202</b>
<b>Liabilities and Equity</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 533,585	\$ 2,002	\$ 1,413,132
Security and other trust deposits	427,714	-	-
Due to other funds		13,960	1,112,093
Deferred revenue	-	-	1,365,979
Intergovernmental payables	-	-	-
Accrued compensation	1,359,209	-	-
Other current liabilities	289,735	3,394	494,367
Total liabilities	2,610,243	19,356	4,385,571
<b>Equity</b>			
Contributed capital	66,923,385	(3,800)	38,504
Retained earnings	4,374,529	12,507	1,656,127
Total equity	71,297,914	8,707	1,694,631
Total liabilities and equity	<b>\$ 73,908,157</b>	<b>\$ 28,063</b>	<b>\$ 6,080,202</b>



**Schedule of Assets, Liabilities, and Equity by Program  
June 30, 2001**

Comprehensive Grant Program	Resident Service Grants	Other	Elimination of Interfund Balances	Total
\$ -	\$ -	\$ 310,967	\$ -	\$ 5,058,512
-	-	618,022	-	4,678,742
	366,837		(2,817,471)	-
1,345,929	475,322	-	-	1,950,993
-	-	5,309	-	71,885
-	-	55,199	-	78,772
-	-	-	-	542,186
-	-	-	-	469,807
<u>1,345,929</u>	<u>842,159</u>	<u>989,497</u>	<u>(2,817,471)</u>	<u>12,850,897</u>
-	-	4,803,241	-	5,689,227
5,652,886	-	302,740	-	6,151,590
-	-	-	-	-
-	-	170,315	-	66,538,191
-	-	-	-	75,813
<u>\$ 6,998,815</u>	<u>\$ 842,159</u>	<u>\$ 6,265,793</u>	<u>\$ (2,817,471)</u>	<u>\$ 91,305,718</u>
\$ 623,897	\$ 308,874	\$ 48,239	\$ -	\$ 2,929,729
-	-	-	-	427,714
722,031	533,285	436,102	(2,817,471)	-
-	-	-	-	1,365,979
-	-	-	-	-
-	-	-	-	1,359,209
-	-	40,000	-	827,496
1,345,928	842,159	524,341	(2,817,471)	6,910,127
1,242,577	-	167,142	-	68,367,808
<u>4,410,310</u>	<u>-</u>	<u>5,574,310</u>	<u>-</u>	<u>16,027,783</u>
<u>5,652,887</u>	<u>-</u>	<u>5,741,452</u>	<u>-</u>	<u>84,395,591</u>
<u>\$ 6,998,815</u>	<u>\$ 842,159</u>	<u>\$ 6,265,793</u>	<u>\$ (2,817,471)</u>	<u>\$ 91,305,718</u>

# Lucas Metropolitan Housing Authority

	Low Rent	Home Ownership	Section 8 Program
<b>Revenue</b>			
HUD grants	\$ 7,258,488	\$ 64,942	\$ 15,486,079
Rental income	5,174,986	6,163	-
Gain on sale of property and equipment	701	-	-
Other income	631,948	86	83,741
Interest income	291,006	-	173,531
Total revenue	<u>13,357,129</u>	<u>71,191</u>	<u>15,743,351</u>
<b>Expenses</b>			
Housing assistance payments	-	-	14,108,596
Administrative salaries	2,066,153	25,607	1,099,031
Utilities	3,848,520	925	28,640
Material and labor	2,800,413	156	11,545
Sundry administration	834,233	1,787	406,541
Employee benefits	1,044,539	6,477	268,312
Contract services	1,293,476	9,476	2,026
Resident services	161,268	-	-
General	1,198,416	12,759	46,760
Cost of homes sold	-	-	-
Nonroutine maintenance	92,923	-	-
Protective service	60,380	7	1,465
Total expenses	<u>13,400,321</u>	<u>57,194</u>	<u>15,972,916</u>
<b>Income (loss) - Before depreciation</b>	(43,192)	13,997	(229,565)
Depreciation	<u>6,663,575</u>	<u>1,490</u>	<u>12,097</u>
<b>Income (Loss)</b>	<u>\$ (6,706,767)</u>	<u>\$ 12,507</u>	<u>\$ (241,662)</u>

**Schedule of Revenue and Expense by Program  
Year Ended June 30, 2001**

Comprehensive Grant Program	Resident Service Grants	Other	Total
7,123,152	1,424,372	\$ -	\$ 31,357,033
-	-	111,599	5,292,748
-	-	149,208	149,909
-	-	176,758	892,533
-	-	316,678	781,215
7,123,152	1,424,372	754,243	38,473,438
-	-	-	14,108,596
274,533	-	91,093	3,556,417
-	-	49,874	3,927,959
2,037,043	-	997	4,850,154
-	-	3,531	1,246,092
-	-	22,050	1,341,378
-	-	82,698	1,387,676
184,989	1,424,372	-	1,770,629
216,277	-	180,709	1,654,921
-	-	-	-
-	-	-	92,923
-	-	1,620	63,472
2,712,842	1,424,372	432,572	34,000,217
4,410,310	-	321,671	4,473,221
-	-	14,056	6,691,218
<b>\$ 4,410,310</b>	<b>\$ -</b>	<b>\$ 307,615</b>	<b>\$ (2,217,997)</b>

# Lucas Metropolitan Housing Authority

	Low Rent	Home Ownership	Section 8 Program
<b>Revenue</b>			
HUD grants	\$ 6,500,728	\$ 64,990	\$ 14,736,578
Rental income	4,903,563	19,752	-
Gain on sale of property and equipment	36,400	1,145,091	-
Other income	345,795	176	189,418
Interest income	<u>185,215</u>	<u>248,057</u>	<u>81,324</u>
Total revenue	11,971,701	1,478,066	15,007,320
<b>Expenses</b>			
Housing assistance payments	-	-	14,410,691
Administrative salaries	1,988,797	43,395	911,976
Utilities	3,273,091	466	19,737
Material and labor	2,809,451	188	6,734
Sundry administration	863,649	9,504	402,956
Employee benefits	1,163,262	13,093	306,806
Contract services	1,361,664	242	6,336
Resident services	133,143	-	-
General	992,705	79,236	30,980
Nonroutine maintenance	51,027	10,300	-
Protective service	<u>51,899</u>	<u>-</u>	<u>-</u>
Total expenses	12,688,688	156,424	16,096,216
<b>Income (loss) - Before depreciation</b>	<u>(716,987)</u>	<u>1,321,642</u>	<u>(1,088,896)</u>
<b>Depreciation</b>	<u>6,185,471</u>	<u>12,372</u>	<u>12,694</u>
<b>Income (Loss)</b>	<b><u>\$ (6,902,458)</u></b>	<b><u>\$ 1,309,270</u></b>	<b><u>\$ (1,101,590)</u></b>

**Schedule of Revenue and Expense by Program  
Year Ended June 30, 2000**

Comprehensive Grant Program	Resident Service Grants	Other	Total
\$ 1,290,172	\$ 1,213,555	\$ -	\$ 23,806,023
-	-	3,469	4,926,784
-	-	-	1,181,491
-	-	73,187	608,576
-	-	30,356	544,952
1,290,172	1,213,555	107,012	31,067,826
-	-	-	14,410,691
670,467	-	56,004	3,670,639
-	-	2,146	3,295,440
400,872	-	-	3,217,245
194,999	-	52,577	1,523,685
-	-	11,962	1,495,123
-	-	9,763	1,378,005
23,834	1,213,555	-	1,370,532
-	-	33,092	1,136,013
-	-	-	61,327
-	-	-	51,899
1,290,172	1,213,555	165,544	31,610,599
-	-	(58,532)	(542,773)
-	-	-	6,210,537
<b>\$ -</b>	<b>\$ -</b>	<b>\$ (58,532)</b>	<b>\$ (6,753,310)</b>

# Lucas Metropolitan Housing Authority

## Schedule of Units Under Management

The PHA had the following units under management at June 30, 2001 and 2000, respectively:

Management	Year Ended June 30	
	2001	2000
	(in Units)	
PHA owned housing	3,087	3,087
PHA home ownership:	-	-
OH6-24	-	-
OH6-27	-	-
OH6-29	-	-
OH6-34	1	1
OH6-39	2	2
Certificates	196	246
Moderate rehabilitation - OH12-K006-004	110	110
Voucher	3,017	2,917
New construction:		
OH12-A009-003	120	120
OH12-A007-010	159	159
OH12-0014-044	40	40
OH12-A007-019	229	229
OH12-0016-003	30	30
OH12-0016-004	20	20
Total	<u>7,011</u>	<u>6,961</u>

# Lucas Metropolitan Housing Authority

## Actual Modernization Cost Certificate

U.S. Department of Housing and Urban Development  
Office of Public and Indian Housing

OMB Approval No. 2577-0044 (exp. 04/30/2004)  
OMB Approval No. 2577-0157 (exp. 12/31/99)

Comprehensive Improvement Assistance Program (CIAP)  
Comprehensive Grant Program (CGP)

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Paperwork Reduction Project (2577-0044 and 0157), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3600. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

Do not send this form to the above address.

This collection of information requires that each Housing Authority (HA) submit information to enable HUD to initiate the fiscal closeout process. The information will be used by HUD to determine whether the modernization grant is ready to be audited and closed out. The information is essential for audit verification and fiscal close out. Responses to the collection are required by regulation. The information requested does not lend itself to confidentiality.

HA Name:	Lucas Metropolitan Housing Authority	Modernization Project Number:	OH12P00670798
----------	--------------------------------------	-------------------------------	---------------

The HA hereby certifies to the Department of Housing and Urban Development as follows:

1. That the total amount of Modernization Cost (herein called the "Actual Modernization Cost") of the Modernization Grant, is as shown below:

A. Original Funds Approved	\$ 5,083,666.00
B. Funds Disbursed	\$ 5,083,666.00
C. Funds Expended (Actual Modernization Cost)	\$ 5,083,666.00
D. Amount to be Recaptured (A-C)	\$ -0-
E. Excess of Funds Disbursed (B-C)	\$ -0-

2. That all modernization work in connection with the Modernization Grant has been completed;

3. That the entire Actual Modernization Cost or liabilities therefor incurred by the HA have been fully paid;

4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and

5. That the time in which such liens could be filed has expired.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Signature of Executive Director & Date:

*Lawrence E. Gaster* 9/20/01  
Lawrence E. Gaster, Executive Director 9/20/01

For HUD Use Only

The Cost Certificate is approved for audit:

Approved for Audit (Director, Office of Public Housing / ONAP Administrator)

Date:

*Sharon Sweet*

10/6/01

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

Date:

X

Approved: (Director, Office of Public Housing / ONAP Administrator)

Date:

X

form HUD-53001 (10/96)  
ref Handbooks 7485.1 & 3

# **Lucas Metropolitan Housing Authority**

---

**Federal Awards  
Supplemental Information  
June 30, 2001**



# Lucas Metropolitan Housing Authority

---

## Contents

Independent Auditor's Report	1
Report Letter on Compliance with Laws and Regulations and Internal Control - General Purpose Financial Statements	2-3
Report Letter on Compliance with Laws and Regulations and Internal Control - Major Federal Awards	4-5
Schedule of Expenditures of Federal Awards	6
Reconciliation of Basic Purpose Financial Statements	7
Notes to Schedule of Expenditures of Federal Awards	8
Schedule of Findings and Questioned Costs	9-12



**Plante & Moran, LLP**  
3434 Granite Circle  
P.O. Box 353090  
Toledo, OH 43635-3090  
Tel: 419.843.6000  
Fax: 419.843.6099  
www.plantemoran.com

## Independent Auditor's Report

The Board of Commissioners  
Lucas Metropolitan Housing Authority

We have audited the general purpose financial statements of Lucas Metropolitan Housing Authority for the year ended June 30, 2001 and have issued our report thereon dated January 24, 2002. Those general purpose financial statements are the responsibility of the management of Lucas Metropolitan Housing Authority. Our responsibility was to express an opinion on those general purpose financial statements based on our audit. The general purpose financial statements of the Lucas Metropolitan Housing Authority for the year ended June 30, 2000 were audited by other auditors, whose report dated November 30, 2000 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements of Lucas Metropolitan Housing Authority taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The information in this schedule has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

As discussed in Note 3 to the schedule of expenditures of federal awards, the schedule previously reported incorrect CFDA numbers and did not provide program expenditure totals. Also, in the schedule of findings and questioned costs, Finding 2001-2 did not include all information required for a noncompliance issue. These inconsistencies were noted subsequent to the issuance of the A-133 report. The schedules have been corrected to reflect the required information.

*Plante & Moran, LLP*

January 24, 2002, except for Note 3, to which the date is March 25, 2002.





**Plante & Moran, LLP**  
3434 Granite Circle  
P.O. Box 353090  
Toledo, OH 43635-3090  
Tel: 419.843.6000  
Fax: 419.843.6099  
www.plantemoran.com

## Report Letter on Compliance with Laws and Regulations and Internal Control - General Purpose Financial Statements

The Board of Commissioners  
Lucas Metropolitan Housing Authority

We have audited the financial statements of The Lucas Metropolitan Housing Authority as of and for the year ended June 30, 2001 and have issued our report thereon dated January 24, 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.

### **Compliance**

As part of obtaining reasonable assurance about whether Lucas Metropolitan Housing 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*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of The Lucas Metropolitan Housing Authority in the Schedule of Findings and Questioned Costs, Finding 2001-2.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Lucas Metropolitan Housing 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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Lucas Metropolitan Housing Authority's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2001-1.

The Board of Commissioners  
Lucas Metropolitan Housing Authority

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. Our consideration of the internal control over financial reporting would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended solely for the information and use of the audit committee, Board/Council, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Plante & Moran, LLP*

January 24, 2002



**Plante & Moran, LLP**  
3434 Granite Circle  
P.O. Box 353090  
Toledo, OH 43635-3090  
Tel: 419.843.6000  
Fax: 419.843.6099  
www.plantemoran.com

## Report Letter on Compliance with Laws and Regulations and Internal Control - Major Federal Awards

The Board of Commissioners  
Lucas Metropolitan Housing Authority

### **Compliance**

We have audited the compliance of Lucas Metropolitan Housing Authority with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal programs for the year ended June 30, 2001. The major federal programs of Lucas Metropolitan Housing Authority 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 its major federal programs is the responsibility of Lucas Metropolitan Housing Authority's management. Our responsibility is to express an opinion on Lucas Metropolitan Housing Authority's compliance based on our audit.

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

In our opinion, Lucas Metropolitan Housing 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 June 30, 2001. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2001-2.

## Internal Control Over Compliance

The management of Lucas Metropolitan Housing 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 Lucas Metropolitan Housing 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.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Lucas Metropolitan Housing Authority's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items Finding 2001-1.

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. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended solely for the information and use of the Board of Commissioners, management, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Plante & Moran, LLP*

January 24, 2002

# Lucas Metropolitan Housing Authority

## Schedule of Expenditures of Federal Awards Year Ended June 30, 2001

Federal Agency/Pass-through Agency Program Title	Federal CFDA Number	Contract Number	Grant Amount	Expenditures For the Year Ended June 30, 2001
<b><u>U.S. Department of Housing and Urban Development</u></b>				
Direct Programs:				
Low Income Public Housing	14.850	C-5005	7,254,761	\$ 7,258,488
Homeownership	14.850	034-H	21,434	21,927
Homeownership	14.850	039H	43,015	43,015
Total Low Income Public Housing				7,323,430
Lower Income Housing Assistance Program Certificates	14.857	C-5035	401,295	401,295
Lower Income Housing Assistance Program Voucher	14.855	C-5035	10,123,369	10,123,360
Total Lower Income Section 8 Cluster				10,524,655
Lower Income Section 8 Project Based Cluster:				
Lower Income Housing Assistance Program Moderate Rehabilitation	14.856	C-5035	583,233	583,233
Lower Income Housing Assistance Program New Construction	14.182	C-5035	4,390,478	4,390,474
Total Lower Income Section 8 Project Based Cluster				4,973,707
Public Housing Capital Fund Program	14.872	501	6,247,899	3,150,327
Comprehensive Grants Program	14.859	707	5,083,666	117,098
	14.859	708	6,114,093	3,855,727
Total Comprehensive Grant Program				3,972,825
Public Housing Drug Elimination Program 2000	14.854	OH12-DEP	738,098	141,342
Public Housing Drug Elimination Program 1999	14.854	OH12-DEP	723,258	271,876
Public Housing Drug Elimination Program 1998	14.854	OH12-DEP	814,838	432,825
Total Public Housing Drug Elimination Program				846,043
Economic Development & Supportive Services: 1997	14.864	OH12-EDS	500,000	275,965
Economic Development & Supportive Services: 1999	14.864	OH12-EDS	225,000	91,559
Total Economic Development & Supportive Services				367,524
Resident Opportunities & Support Services: 1999	14.870	OHOO-RSV	250,000	40,692
Resident Opportunities & Support Services: 2000	14.870	OHOO-RSV	225,000	131,411
Total Resident Opportunities & Support Services				172,103
<b>Total Federal Assistance</b>				<b>\$ 31,330,614</b>

# Lucas Metropolitan Housing Authority

---

## Reconciliation of General Purpose Financial Statements Federal Revenue with Schedule of Expenditures of Federal Awards Year Ended June 30, 2001

HUD grants - As reported on financial statements (includes all funds)	\$ 31,357,033
Less state revenue reported as HUD grant revenue	(26,419)
Federal expenditures per the schedule of expenditures of federal awards	<u><u>\$ 31,330,614</u></u>



# Lucas Metropolitan Housing Authority

## Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2001

### Note 1 - Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Lucas Metropolitan Housing Authority and is presented on the same basis of accounting as the general purpose financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

### Note 2 - Subrecipients

Of the federal expenditures presented in the schedule, Lucas Metropolitan Housing Authority provided federal awards to subrecipients as follows:

Federal Program	CFDA		Amount
	Number	Description	
<i>Lower Income Section 8</i>			
Lower Income Housing Assistance Program New Construction	14,182	Passed through to various project owners	<u>\$ 4,208,326</u>

### Note 3 - Subsequent Report Format Changes

Subsequent to original issuance of the schedule of federal awards and the schedule of findings and questioned costs, it was discovered that the schedules did not provide complete information in the format required by the state of Ohio, Office of the Auditor. As described in the report letter, this information has been revised to correctly report all CFDA numbers and provide program totals on the schedule of expenditures of federal awards, where appropriate, and provide complete information on Finding 2001-2 in the schedule of findings and questioned costs. As a result of the above changes, the federal expenditures on the schedule of expenditures of federal awards increased by \$12,524.

# Lucas Metropolitan Housing Authority

## Schedule of Findings and Questioned Costs Year Ended June 30, 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 program(s):

- 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 program(s): 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 program(s):

CFDA Number(s)	Name of Federal Program or Cluster
14.850	Low Income Public Housing
14.182	Lower Income Housing Assistance Program-New Construction
14.856	Lower Income Housing Assistance Program- Moderate Rehabilitation
14.859	Comprehensive Grants Program
14.872	Public Housing Capital Fund Program

Dollar threshold used to distinguish between type A and type B programs: \$900,000

Auditee qualified as low risk auditee?  Yes  No

# Lucas Metropolitan Housing Authority

## Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2001

### Section II - Financial Statement Audit Findings

Reference Number	Findings
2001-1	<p><u>Program Name:</u> Potential to impact all programs</p> <p><u>Finding Type:</u> Reportable condition</p> <p><u>Criteria:</u> The design or operation of internal controls over financial reporting should support Lucas Metropolitan Housing Authority's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.</p> <p><u>Condition:</u> During financial statement audit procedures, we noted that certain balance sheet accounts, including grants receivable, accounts payable and fixed assets, had not been reconciled during the year.</p> <p><u>Questioned Costs:</u> None</p> <p><u>Context:</u> Potential for incorrect balances to be reported during the year.</p> <p><u>Cause:</u> Lack of timely reconciliation of accounts.</p> <p><u>Recommendation:</u> The Authority should ensure that material accounts to the financial statements are reconciled on a monthly basis.</p> <p><u>Auditee Response:</u> All accounts were reconciled as of year-end. The Authority has established procedures to ensure that the accounts continue to be reconciled on a timely and consistent basis. The Authority is in the process of hiring an additional accounting staff member.</p>

# Lucas Metropolitan Housing Authority

## Schedule of Findings and Questioned Costs Year Ended June 30, 2001

### Section II - Financial Statement Audit Findings (Continued)

Reference Number	Findings
2001-2	<p><u>Program Name:</u> U.S. Department of Housing and Urban Development, CFDA # 14.850, Program: Low Income Public Housing</p> <p><u>Finding Type:</u> Immaterial instance of noncompliance</p> <p><u>Criteria:</u> According to 24 CFR Section 960.259, tenant files should contain original application and certification of income documents.</p> <p><u>Condition:</u> Three tenant files of 25 tested did not contain the original application.</p> <p><u>Questioned Costs:</u> None</p> <p><u>Context:</u> Incomplete tenant historical documentation.</p> <p><u>Cause:</u> Misplacement of documentation</p> <p><u>Recommendation:</u> Property manager should ensure all required original application documentation is retained in the tenant files.</p> <p><u>Auditee Response:</u> The Authority is aware of required tenant file documentation and was not aware that three of the older tenant files were incomplete. Annual recertifications of these tenants were performed and proper documentation supporting income was retained. The Authority will ensure that all file documentation in the future is complete. This year, the Authority will perform quality control audits of at least 20 percent of all active tenant files, and, based on the outcome of this audit, will determine the scope of future quality reviews.</p>

# Lucas Metropolitan Housing Authority

---

## Schedule of Findings and Questioned Costs Year Ended June 30, 2001

### Section III - Federal Program Audit Findings

See Section II, Finding 2001-1 for reportable condition reported on internal control over compliance.

No material instances of noncompliance noted. See Finding 2001-2 above related to an immaterial instance of noncompliance noted in relation to the Low Income Public Housing Program.





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

**LUCAS METROPOLITAN HOUSING AUTHORITY**

**LUCAS 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  
APRIL 18, 2002**