

# **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, 2003**





**Auditor of State  
Betty Montgomery**

Board of Commissioners  
Columbus Metropolitan Housing Authority

We have reviewed the Independent Auditor's Report of the Columbus Metropolitan Housing Authority, Franklin County, prepared by PricewaterhouseCoopers LLP for the audit period January 1, 2003 through December 31, 2003. 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.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

October 25, 2004

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# Columbus Metropolitan Housing Authority

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December 31, 2003

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# **Columbus Metropolitan Housing Authority**

## **Management Discussion and Analysis**

### **December 31, 2003**

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As management of the Columbus Metropolitan Housing Authority (“CMHA”), we offer readers of the CMHA financial statements this narrative overview and analysis of the financial activities of CMHA for the fiscal year ended December 31, 2003. We encourage readers to consider the information presented here in conjunction with CMHA’s financial statements.

#### **Overview of the Financial Statements**

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

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

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

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

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

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

Unrestricted Net Assets: Consists of Net Assets that do not meet the definition of “Net Assets Invested in Capital Assets, Net of Related Debt” or “Restricted Net Assets.” This account is similar to the former operating reserve account.

The basic financial statements also include a Statement of Revenues, Expenses and Changes in Net Assets (similar to the Income Statement). This statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, housing assistance payments, maintenance and depreciation, and Non-Operating Revenue and Expenses, such as grants revenue, investment income and interest expense.

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

# Columbus Metropolitan Housing Authority

## Management Discussion and Analysis

### December 31, 2003

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

#### Financial Highlights

During the year ended December 31, 2003:

- CMHA's total assets increased by \$3,091,217 or 1.9%
- Total liabilities increased by \$2,580,925 or 13.0%
- Total revenues increased by \$25,008,952; of this amount, \$25,099,711 is due to an increase in the number of contracts being administrated by CMHA's wholly owned subsidiary, Assisted Housing Services Corporation (AHSC).
- Total expenses increased by \$29,769,325; of this amount, \$25,142,997 related to the operating costs of AHSC
- Housing Assistance Payments increased by \$28,479,998; of this amount, \$24,198,534 related to AHSC

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

**PHA Owned Rental Housing** – Under the Public Housing Program, CMHA rents units it owns to low-income households. This program operates under an Annual Contribution Contract with HUD. Operating subsidy is provided by HUD to enable CMHA to provide the housing at a rent that is based upon 30% of adjusted gross income of the tenant.

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

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

**HOPE VI** – This Grant provides for the revitalization of severely distressed or obsolete public housing developments.

**Performance Based Contract Administration** – CMHA provides contract administrative services for units receiving project based Section 8 housing assistance throughout the state of Ohio.

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

CMHA also receives funding for Other Section 8 programs and Drug Elimination Program that have multiple year funding but are not considered major programs.

**Columbus Metropolitan Housing Authority**  
**Management Discussion and Analysis**  
**December 31, 2003**

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**Basic Financial Statements**

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

<b>Table 1</b>		
<b>Statement of Net Assets</b>		
<i>(in millions)</i>	<b>2003</b>	<b>2002</b>
<b>Assets</b>		
Current and other assets	\$ 65.2	\$ 67.1
Capital assets	104.1	99.1
Total assets	<b>\$ 169.3</b>	<b>\$ 166.2</b>
<b>Liabilities</b>		
Other liabilities	\$ 11.1	\$ 12.1
Long-term liabilities	11.3	7.7
Total liabilities	<b>22.4</b>	<b>19.8</b>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	100.6	97.4
Restricted	7.8	9.0
Unrestricted	38.5	40.0
Total net assets	<b>146.9</b>	<b>146.4</b>
Total liabilities and net assets	<b>\$ 169.3</b>	<b>\$ 166.2</b>

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

**Major factors affecting the Statement of Net Assets**

Current assets decreased by \$1.9 million while liabilities increased by \$2.6 million; the increase in long term liabilities is due to current construction projects that have increased \$4.2 million over the previous year.

Capital Assets increased by \$5.0 million due primarily to acquisitions of assets (\$13.6 million) less current year depreciation (\$8.5 million) and retirement of assets (\$.1).

**Columbus Metropolitan Housing Authority**  
**Management Discussion and Analysis**  
**December 31, 2003**

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<b>Table 2</b>	
<b>Change of Unrestricted Net Assets</b>	
<i>(in millions)</i>	
<b>Unrestricted Net Assets at December 31, 2002</b>	\$ 40.0
Results of operations	0.5
Depreciation (1)	8.5
Adjusted results from operations	49.0
Capital expenditures	(9.3)
Increase in restricted assets	(1.2)
<b>Unrestricted Net Assets at December 31, 2003</b>	<b>\$ 38.5</b>

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

While the results of operations measures the Authority's activity, an analysis of the changes in Unrestricted Assets provides a clearer picture of the change in financial well being.

**Columbus Metropolitan Housing Authority**  
**Management Discussion and Analysis**  
**December 31, 2003**

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**Statement of Revenues, Expenses and Changes in Net Assets**

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

<b>Table 3</b>		
<b>Statement of Revenues, Expenses and Changes in Net Assets</b>		
<i>(in millions)</i>	<b>2003</b>	<b>2002</b>
<b>Revenues</b>		
Rental income	\$ 5.3	\$ 6.6
Operating subsidy and grants	28.2	28.3
Subsidy for housing assistance payment	277.1	248.6
Capital grants	8.8	10.0
Investment income	.5	.8
Other income	1.1	1.1
<b>Total revenues</b>	<b>321.0</b>	<b>295.4</b>
<b>Expenses</b>		
Administrative	23.1	22.1
Utilities	3.3	3.1
Maintenance	5.9	6.8
Protective services	.9	1.1
General	1.3	1.0
Housing assistance payment	277.1	248.6
Interest expenses	.4	.1
Depreciation	8.5	8.1
<b>Total expenses</b>	<b>320.5</b>	<b>290.9</b>
<b>Net increase (decrease)</b>	<b>\$ .5</b>	<b>\$ 4.5</b>

**Major factors affecting the Statement of Revenues, Expenses and changes in Net Assets**

Subsidy for Housing Assistance Payments increased substantially due to the growth of the AHSC and Voucher Programs. Other expenses, except depreciation, increased due to inflation.

**Columbus Metropolitan Housing Authority  
Management Discussion and Analysis  
December 31, 2003**

**Capital Assets**

As of December 31, 2003, the Authority had \$104.1 million invested in Capital Assets as reflected in the schedule below, which represents a net increase (additions, deductions and depreciation) of \$5 million from the end of last year.

<b>Table 4</b>			
<b>Capital Assets at December 31, Net of Depreciation</b>			
<i>(in millions)</i>		<b>2003</b>	<b>2002</b>
Land		\$ 2.9	\$ 2.9
Buildings		197.0	188.3
Equipment		4.3	3.8
Accumulated depreciation		(122.3)	(114.0)
Construction in process		22.2	18.1
<b>Total</b>		<b>\$ 104.1</b>	<b>\$ 99.1</b>

The following reconciliation summarizes the change in Capital Assets.

<b>Table 4</b>			
<b>Change in Capital Assets</b>			
<i>(in millions)</i>			
<b>Beginning balance</b>			\$ 99.1
Additions			13.6
Retirements, net of depreciation			(.1)
Depreciation			(8.5)
<b>Ending balance</b>			<b>\$ 104.1</b>
<b>Major activities for the year</b>			
Modernization of units			\$ 7.6
Construction of New Village Homes Units			3.8
Energy conservation program			1.8
Equipment purchases			0.4
<b>Total additions</b>			<b>\$ 13.6</b>

As of December 31, 2003, the Authority has \$10.5 million in debt (bonds and notes) outstanding compared to \$7.1 million last year, a \$3.4 million increase.

**Columbus Metropolitan Housing Authority**  
**Management Discussion and Analysis**  
**December 31, 2003**

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**Table 6**  
**Outstanding Debt**

<i>(in millions)</i>	<b>2003</b>	<b>2002</b>
<b>Business Type</b>		
Energy program	\$ 3.7	\$ -
Capital improvements	7.0	7.1
Less: Current portion	(.2)	-
<b>Total</b>	<b>\$ 10.5</b>	<b>\$ 7.1</b>

**Economic Factors**

Significant economic factors affecting the Authority are as follows:

- The slow economy has an impact on low income households' ability to pay rent.
- Federal funding is at the discretion of the U.S. Department of Housing and Urban Development and is insufficient to cover operating cost and capital improvements for Public Housing Units.
- Low interest rates have reduced the amount earned on investment income.
- Increased cost for health insurance, property insurance and utility rate increases affected the cost of operating the programs.

## Report of Independent Auditors

To the Board of Commissioners of  
Columbus Metropolitan Housing Authority

In our opinion, the accompanying consolidated statement of net assets and the related consolidated statements of revenue, expenses and changes in net assets, and cash flows present fairly, in all material respects, the financial position of Columbus Metropolitan Housing Authority (the "Authority") at December 31, 2003, and the results of its operations and changes in its net assets 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.

As described in Note 1, the Authority has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, as of December 31, 2003.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 9, 2004 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.

The management's discussion and analysis on pages 2-8 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of

management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 9, 2004

**Columbus Metropolitan Housing Authority**  
**Consolidated Statement of Net Assets**  
**December 31, 2003**

<b>Assets</b>				
Current Assets				
Cash and cash equivalents				\$ 10,847,271
Accounts receivable, net				
	Tenants, net of allowance for doubtful accounts of \$55,844			186,915
	HUD			4,468,039
	Other			569,212
Notes receivable				50,000
Investments				18,466,346
Investments - legally restricted				5,669,518
Inventory				169,936
Prepaid items and other				388,224
	Total current assets			40,815,461
Noncurrent assets				
Notes receivable				23,857,132
Land				2,915,176
Property and equipment-net				101,179,821
Other non-current assets				578,020
	Total noncurrent assets			128,530,149
	Total assets			\$ 169,345,610
<b>Liabilities</b>				
Current Liabilities				
Accounts payable				
	Trade			\$ 5,168,160
	HUD			3,500,776
	Other			169,613
Accrued expenses				1,284,992
Deferred credits				253,757
Trust and deposit liabilities				507,434
Notes payable, current				238,743
	Total current liabilities			11,123,475
Noncurrent liabilities				
Bonds payable				5,420,000
Notes payable				5,067,286
Accrued compensated absences-noncurrent				258,948
Other liabilities				538,783
	Total noncurrent liabilities			11,285,017
	Total liabilities			22,408,492
<b>Net Assets</b>				
Invested in capital assets, net of related debt				100,642,856
Restricted net assets				7,768,294
Unrestricted net assets				38,525,968
	Total net assets			146,937,118
	Total liabilities and net assets			\$ 169,345,610

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

**Columbus Metropolitan Housing Authority**  
**Consolidated Statement of Revenue, Expenses and Changes in Net Assets**  
**December 31, 2003**

<b>Operating revenue</b>				
Rental				\$ 5,259,571
Other				1,138,346
			Total operating revenue	6,397,917
<b>Operating expenses</b>				
Housing assistance payments				277,094,957
Depreciation				8,500,342
Administration				22,890,577
Tenant services				208,789
Utilities				3,267,771
Ordinary maintenance and operation				5,820,312
Protective services				941,225
General expenses				1,331,592
Nonroutine maintenance				43,406
			Total operating expenses	320,098,971
			Operating loss	(313,701,054)
<b>Non-operating revenues (expenses)</b>				
HUD Grants				305,301,528
HUD Capital Grants				8,784,196
Interest income				486,661
Interest expense				(400,019)
Gain on disposal of assets				38,980
			Total non-operating revenue	314,211,346
			Change in net assets	510,292
			Net assets-beginning of year	146,426,826
			Net assets- end of year	\$ 146,937,118

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

**Columbus Metropolitan Housing Authority**  
**Consolidated Statement of Cash Flows**  
**December 31, 2003**

<b>Cash flows from operating activities</b>			
Cash received from tenants			\$ 5,404,149
Cash payments to suppliers for goods and services			(22,265,350)
Cash paid for salaries and benefits			(13,068,218)
Housing assistance payments			(277,094,957)
Other receipts			1,732,619
Other payments			564,248
		Net cash used in operating activities	\$ (304,727,509)
<b>Cash flows from noncapital financing</b>			
HUD operating subsidies and grants			305,529,368
		Cash provided by noncapital financing activities	305,529,368
<b>Cash flow from capital and related financing activities</b>			
HUD capital grants			7,988,899
Property and equipment additions			(13,249,468)
Proceeds from note receivable			3,659,961
Repayment of debt and capital lease obligations			(38,766)
Interest paid debt and capital lease obligations			(382,278)
Proceeds from the sale of capital assets			46,976
		Net cash provided by capital and related financing activities	(1,974,676)
<b>Cash flows from investing activities</b>			
Purchases of investments			(19,918,692)
Proceeds from maturity of investments			21,180,406
Interest income			555,975
		Net cash used in investing activities	1,817,689
Increase in cash and cash equivalents			644,872
Cash balance - beginning of year			10,202,399
Cash balance - end of year			10,847,271
<b>Reconciliation of operating income to net cash used in operating activities</b>			
Operating income			(313,701,054)
Adjustments to reconcile operating income to net cash used in operating activities			
Depreciation			8,500,342
Provision for uncollectible accounts			24,205
Amortization of bond issuance costs			6,030
<b>Changes in operating assets and liabilities</b>			
(Increase) decrease in assets and liabilities			
Accounts receivable tenants			(18,829)
Accounts receivable other			1,158,521
Inventory			83,456
Prepaid expenses and other assets			(7,970)
Accounts payable			(305,474)
Accrued expenses and other			(300,820)
Security and other deposits			(165,916)
		Net cash used in operating activities	\$ (304,727,509)

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

# Columbus Metropolitan Housing Authority

## Notes to Financial Statements

### December 31, 2003

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

##### **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.

##### **New Accounting Pronouncements**

In July 1999, the GASB issued GASB No. 34, *Basic Financial Statement 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.

The Authority has implemented GASB 34 for the year ended December 31, 2003, noting that the inclusion of Management's Discussion and Analysis, the presentation of net assets, and the utilization of the direct method of cash flows are the changes made to the financial statements to comply with the requirement.

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

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

Unrestricted Net Assets: Consists of Net Assets that do not meet the definition of "Net Assets Invested in Capital Assets, Net of Related Debt" or "Restricted Net Assets." This account is similar to the former operating reserve account.

# Columbus Metropolitan Housing Authority

## Notes to Financial Statements

### December 31, 2003

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#### **Fund Accounting**

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

A summary of each of these funds is provided below:

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

- (1) **PHA-Owned Housing**—Under this program, the Authority owns and operates apartments and single-family housing units. Funding is provided by tenant rent payments and HUD subsidies.
- (2) **Housing Assistance Payments**—Under Section 8 of the Housing Program, low-income tenants lease housing units directly from private landlords rather than from the Authority. HUD contracts with the Authority, which in turn contracts with private landlords and makes assistance payments for the difference between the approved contract rent and the actual rent paid by the low-income tenants.
- (3) **Capital Grant 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 consolidated statement of net assets 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 eight funds that provide resources for housing related activities. Four of the funds are used to account for 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.

**Columbus Metropolitan Housing Authority**  
**Notes to Financial Statements**  
**December 31, 2003**

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**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.

**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 the using the half-year convention over the estimated useful lives. When depreciable property is disposed of or sold, the cost and related accumulated depreciation are removed from the accounts, with any gain or loss 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 their intended use are capitalized.

**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.

**Columbus Metropolitan Housing Authority**  
**Notes to Financial Statements**  
**December 31, 2003**

Cash and cash equivalents included in the Authority's cash position at December 31, 2003 are as follows:

<b>Demand deposits</b>					
Bank balance				\$	4,310,493
STAR Ohio					4,996,134
Items-in-transit					1,540,644
			Carrying balance	\$	<u>10,847,271</u>

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

At December 31, 2003, the Authority had \$4,996,134 held in the State Treasury Asset Reserve of Ohio (STAR Ohio, managed by the Treasurer of the State of Ohio). STAR Ohio is a highly liquid investment pool with participation restricted to subdivisions of the State of Ohio. Under Ohio Revised Code Section 135.143, STAR Ohio is restricted to investing in obligations of the U.S. government and other instruments authorized by the State of Ohio and its political subdivisions. Due to the highly liquid nature of the fund and a net asset value of \$1, STAR Ohio resembles a money market fund and, therefore, has been treated as a cash equivalent by the Authority in the financial statements. The Authority's investment in the pool is not subject to credit risk categorization because it is not evidenced by securities that exist in physical or book entry form.

**Investments**

Investment procedures are restricted by the provisions of the Ohio Revised Code and the Department of Housing and Urban Development. Approved investment securities include direct obligations of the federal government backed by the full faith and credit of the United States (e.g., U.S. Treasury bills, notes and bonds), obligations of federal government agencies (e.g., Government National Mortgage Association mortgage-backed securities, bonds, participating certificates), and securities of government-sponsored agencies (e.g., Federal Farm credit banks, Federal Land banks, and Federal Home Loan banks). The interest rate yields on certificates of deposit ranged from 1.25% to 3.05%, from 1.50% to 2.00% for U.S. federal agency bonds, and was 1.21% for commercial paper.

			<b>Gross</b>	
		<b>Amortized</b>	<b>Unrealized</b>	<b>Fair</b>
		<b>Cost</b>	<b>Gain/Loss</b>	<b>Value</b>
At December 31, 2003:				
	U.S. federal agency bonds	\$ 7,126,539	\$ (1,031)	\$ 7,125,508
	Certificates of deposit	5,378,041	-	5,378,041
	Commercial paper	3,498,230	-	3,498,230
	Mutual funds	2,461,559	3,008	2,464,567
	<b>Total</b>	<b>\$ 18,464,369</b>	<b>\$ 1,977</b>	<b>\$ 18,466,346</b>

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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 (Note 8).

	<b>Amortized Cost</b>	<b>Gross Unrealized Gain/Loss</b>	<b>Fair Value</b>
At December 31, 2003:			
Guaranteed investment contact, current	\$ 5,669,518	-	\$ 5,669,518

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, 2003, in addition to the legally restricted balances disclosed above, the Authority maintains cash balances of \$8,044,517 and investments of \$5,649,904 which are restricted to their use. Of these amounts, \$3,500,776 is to be refunded to HUD and \$13,289,699 is restricted to funding construction of housing.

**3. Lines of Credit**

The Authority has unsecured bank lines of credit totaling \$2,767,471 bearing an interest rate of the prime rate plus 6%. No compensating balances are required under the terms of the lines of credit. The Authority did not utilize these lines of credit during the year.

**4. Notes Receivable**

In March 1997, the Authority entered into a "Loan Agreement" (the "Note") with Rosewind Limited Partnership (Note 12), 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 \$17,719,107 as of December 31, 2003.

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 (Note 12) 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

**Columbus Metropolitan Housing Authority**  
**Notes to Financial Statements**  
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balance of the principal will be due 35 years from the date of the Note. The balance of the Note is \$5,926,035 at December 31, 2003.

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.

In October 2002, the Authority entered into a "Promissory Note" (the "Note") with Waggoner Senior Housing Limited Partnership (Note 12) for the development of low-income housing in 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, 2003.

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.

**5. 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, 2003 are as follows:

Land					\$ 2,915,175
Site improvements					25,785,885
Buildings					159,975,527
Community buildings					11,256,290
Other assets					4,257,006
Construction in process					22,290,343
				Total	226,480,226
Accumulated depreciation					(122,385,231)
Net book value					<u>\$ 104,094,995</u>

**6. 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.

**7. Health Care Plan**

Prior to August 1, 2003, the Authority had a self-insured health care plan that covered all employees electing to participate. As of August 1, 2003, the Authority adopted a fully funded premium-based health care plan with an insurance carrier. Under this plan, the Authority pays 80% of the total cost while the employee pays 20%.

The remaining claims liability resulting from the self-insured health care plan has been accounted for as an accrued expense at December 31, 2003.

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**8. 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 2003A for the construction of the New Village Homes Project. The bonds are collateralized by GNMA securities and mature as follows:

	<b>Principal</b>	<b>Interest</b>
<b>Maturity Date</b>	<b>Amount</b>	<b>Rate</b>
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%
	<u>\$ 5,420,000</u>	

At December 31, 2003 the Authority recorded \$5,669,518 in escrow, which is invested in guaranteed investment contracts (Note 2). Of this total, \$212,716 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.

**9. Notes Payable**

Notes payable includes 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, 2003, the principal balance was \$1,646,068.

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

2004	\$ 37,055
2005	40,087
2006	43,367
2007	46,767
2008	50,754
Thereafter	1,428,038
<b>Total</b>	<u><b>\$ 1,646,068</b></u>

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

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

2004						\$	201,622
2005							250,926
2006							261,097
2007							271,681
2008							282,693
Thereafter							2,391,941
					Total		\$ 3,659,960

**10. 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 2003 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 \$1,313,284, \$1,296,982, and \$1,327,221 for the years ended December 31, 2003, 2002, and 2001, respectively.

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

**Columbus Metropolitan Housing Authority**  
**Notes to Financial Statements**  
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**11. 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 2003.

All assets of the plan are held in a trust for the exclusive benefit of the participants and their beneficiaries. Investments are managed by the Ohio Public Employees Deferred Compensation Program. The plan is not included in the Authority's financial statements as the Authority does not hold these assets in a trustee capacity.

**12. 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, 2003, the Authority has incurred accounts payable to Rosewind Limited Partnership of approximately \$312,262 for pass-through funds to subsidiaries and recorded notes receivable (Note 4) 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 \$20,000 was made during 2003. 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, 2003. There were no amounts held in escrow at December 31, 2003.

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.

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**Notes to Financial Statements**  
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For the year ended December 31, 2003, the Authority has incurred accounts payable to Gender Road Limited Partnership of approximately \$83,466 for pass-through funds to subsidiaries and recorded notes receivable (Note 4) 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 2003. 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, 2003. Amounts held in escrow at December 31, 2003 were \$394,474.

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, 2003, the Authority recorded notes receivable (Note 4) for amounts loaned to Waggoner Senior Housing Limited Partnership in connection with this development.

**13. Uncompleted Contracts**

At December 31, 2003, the Authority has uncompleted contracts in the amount of \$8,698,743 for Comprehensive Grant Program.

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

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	Section 8													Total
	Housing Choice				Capital Grant	Hope VI	Shelter Care Plus	Other Business Ventures	Section 8		PHDEP	Interprogram Elimination		
	Low Rent	Vouchers	Mod Rehab	CGP					N/C	S/R			AHSC	
	14.850	14.871	14.856	14.859	14.872	14.866	14.238		14.182	14.195	14.854			
<b>ASSETS</b>														
<b>Current Assets</b>														
Cash - unrestricted	\$ 654,375	\$ 36,409	\$ 45,951	\$ -	\$ -	\$ -	\$ 36,575	\$ 1,701,670	\$ 163,714	\$ 164,060	\$ -	\$ -	\$ 2,802,754	
Cash-restricted-modernization & development	13,188	-	-	-	-	-	-	345,741	-	-	-	-	358,929	
Cash-other restricted	1,862,272	-	-	-	-	-	-	1,538,687	-	3,317,173	-	-	6,718,132	
Cash-tenant security deposits	476,084	-	-	-	-	-	-	44,338	-	-	-	-	520,422	
Cash-restricted for payment of current liability	-	447,034	-	-	-	-	-	-	-	-	-	-	447,034	
<b>Total cash</b>	<b>3,005,919</b>	<b>483,443</b>	<b>45,951</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,575</b>	<b>3,630,436</b>	<b>163,714</b>	<b>3,481,233</b>	<b>-</b>	<b>-</b>	<b>10,847,271</b>	
Accounts and notes receivables														
Accounts receivable-HUD other projects	112,558	103,084	22	-	1,076,734	267,876	282	-	132,660	2,774,823	-	-	4,468,039	
Accounts receivable-miscellaneous	66,267	183,608	-	-	-	-	-	217,124	-	-	-	-	466,999	
Accounts receivable-tenants-dwelling rent	242,759	-	-	-	-	-	-	-	-	-	-	-	242,759	
Allowance for doubtful accounts-dwelling rent	(55,844)	-	-	-	-	-	-	-	-	-	-	-	(55,844)	
Notes and mortgages receivables	50,000	-	-	-	-	-	-	-	-	-	-	-	50,000	
Fraud recovery	-	119,985	-	-	-	-	-	-	-	-	-	-	119,985	
Allowance for doubtful accounts-fraud	-	(119,985)	-	-	-	-	-	-	-	-	-	-	(119,985)	
Accrued interest receivable	40,010	301	114	-	-	-	334	59,380	2,074	-	-	-	102,213	
<b>Total receivables, net allowance for doubtful accounts</b>	<b>455,750</b>	<b>286,993</b>	<b>136</b>	<b>-</b>	<b>1,076,734</b>	<b>267,876</b>	<b>616</b>	<b>276,504</b>	<b>134,734</b>	<b>2,774,823</b>	<b>-</b>	<b>-</b>	<b>5,274,166</b>	
Current Investments														
Investments-unrestricted	4,686,842	454,730	41,764	-	-	-	158,421	6,532,746	941,939	-	-	-	12,816,442	
Investments-restricted	3,136,229	-	-	-	-	-	-	8,146,065	-	-	-	-	11,282,294	
Investments-restricted for payment of current liability	-	-	-	-	-	-	-	37,128	-	-	-	-	37,128	
<b>Total current investments</b>	<b>7,823,071</b>	<b>454,730</b>	<b>41,764</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>158,421</b>	<b>14,715,939</b>	<b>941,939</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,135,864</b>	
Prepaid expenses and other assets	261,310	51,052	-	-	-	-	-	75,862	-	-	-	-	388,224	
Inventories	176,465	-	-	-	-	-	-	-	-	-	-	-	176,465	
Allowance for obsolete inventories	(6,529)	-	-	-	-	-	-	-	-	-	-	-	(6,529)	
Interprogram-due from	298,465	3,381	-	-	-	-	167	46,797	469	-	-	(349,279)	-	
<b>Total current assets</b>	<b>8,552,782</b>	<b>509,163</b>	<b>41,764</b>	<b>-</b>	<b>1,076,734</b>	<b>267,876</b>	<b>158,588</b>	<b>14,838,598</b>	<b>942,408</b>	<b>-</b>	<b>-</b>	<b>(349,279)</b>	<b>40,815,461</b>	
Noncurrent Assets														
Fixed Assets														
Land	1,400,282	699,041	-	-	-	-	-	815,853	-	-	-	-	2,915,176	
Buildings	194,290,788	-	-	-	-	-	-	2,726,914	-	-	-	-	197,017,702	
Furniture, equip. & machinery-dwellings	2,397,329	1,295,446	4,547	-	-	-	16,926	175,753	50,440	-	-	-	3,940,441	
Furniture, equip. & machinery-administration	-	-	-	-	-	-	-	49,957	-	266,609	-	-	316,566	
Accumulated depreciation	(121,021,215)	(597,096)	(4,506)	-	-	-	(12,162)	(540,261)	(50,440)	(159,551)	-	-	(122,385,231)	
Construction in progress	1,806,073	-	-	-	12,239,456	4,127,311	-	4,117,503	-	-	-	-	22,290,343	
<b>Total fixed assets, net of accumulated depreciation</b>	<b>78,873,257</b>	<b>1,397,391</b>	<b>41</b>	<b>-</b>	<b>12,239,456</b>	<b>4,127,311</b>	<b>4,764</b>	<b>7,345,719</b>	<b>-</b>	<b>107,058</b>	<b>-</b>	<b>-</b>	<b>104,094,997</b>	
Other Non-Current Assets														
Notes & mortgages receivables-non current	23,595,142	-	-	-	-	-	-	261,990	-	-	-	-	23,857,132	
Other assets	-	-	-	-	-	-	-	577,742	-	-	-	-	577,742	
Investments & joint ventures	-	-	-	-	-	-	-	278	-	-	-	-	278	
<b>Total non-current assets</b>	<b>23,595,142</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>840,010</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>128,530,149</b>	
<b>Total assets</b>	<b>\$ 114,482,850</b>	<b>\$ 2,676,990</b>	<b>\$ 87,892</b>	<b>\$ -</b>	<b>\$ 13,316,190</b>	<b>\$ 4,395,187</b>	<b>\$ 200,543</b>	<b>\$ 26,931,267</b>	<b>\$ 1,240,856</b>	<b>\$ 6,363,114</b>	<b>\$ -</b>	<b>\$ (349,279)</b>	<b>\$ 169,345,610</b>	

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	Section 8										PHDEP	Interprogram Elimination	Total
	Housing Choice				Capital Grant	Hope VI	Shelter Care Plus	Other Business Ventures	Section 8 N/C S/R	AHSC			
	Low Rent	Vouhcers	Mod Rehab	CGP									
	14.850	14.871	14.856	14.859	14.872	14.866	14.238		14.182	14.195	14.854		
<b>LIABILITIES AND NET ASSETS</b>													
<b>Liabilities</b>													
<b>Current Liabilities</b>													
Accounts Payable <90 Days	\$ 679,227	\$ 194,441	\$ 294	\$ -	\$ 756,659	\$ 2,730	\$ 468	\$ 38,948	\$ 73	\$ 2,712,032	\$ -	\$ -	\$ 4,384,872
Accounts Payable >90 Days	56,110	6	-	-	238,739	-	-	488,433	-	-	-	-	783,288
Accrued wage/payroll taxes payable	392,112	153,808	-	-	-	-	-	12,958	-	-	-	-	558,878
Accrued compensated absences-current portion	89,167	40,917	-	-	-	-	-	5,601	-	6,333	-	-	142,018
Accrued contingency liability	45,622	-	-	-	-	-	-	-	-	-	-	-	45,622
Accrued interest payable	5,482	-	-	-	-	-	-	41,074	-	-	-	-	46,556
Accounts payable-HUD PHA program	23,557	-	24,244	-	-	-	7,025	-	128,777	3,317,173	-	-	3,500,776
Accounts payable-other government	104,846	-	-	-	-	-	-	64,767	-	-	-	-	169,613
Tenant security deposits	463,096	-	-	-	-	-	-	44,338	-	-	-	-	507,434
Deferred revenue	241,257	-	-	-	-	-	-	12,500	-	-	-	-	253,757
Current portion of long-term debt-capital projects	201,688	-	-	-	-	-	-	37,055	-	-	-	-	238,743
Accrued liabilities-other	476,505	7,462	-	-	-	-	-	7,951	-	-	-	-	491,918
Interprogram-due to	-	-	49	-	81,336	265,146	-	-	10	2,738	-	-	(349,279)
<b>Total Current Liabilities</b>	<b>2,778,669</b>	<b>396,634</b>	<b>24,587</b>	<b>-</b>	<b>1,076,734</b>	<b>267,876</b>	<b>7,493</b>	<b>753,635</b>	<b>131,588</b>	<b>6,035,538</b>	<b>-</b>	<b>(349,279)</b>	<b>11,123,475</b>
<b>Non-Current Liabilities</b>													
Long term debt,net of current-capital projects	3,458,273	-	-	-	-	-	-	7,029,013	-	-	-	-	10,487,286
Non-current liabilities-other	-	456,410	-	-	-	-	-	82,373	-	-	-	-	538,783
Accrued compensated absences-noncurrent	183,816	71,851	-	-	-	-	-	3,281	-	-	-	-	258,948
<b>Total Non-Current Liabilities</b>	<b>3,642,089</b>	<b>528,261</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,114,667</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,285,017</b>
<b>Total Liabilities</b>	<b>\$ 6,420,758</b>	<b>\$ 924,895</b>	<b>\$ 24,587</b>	<b>\$ -</b>	<b>\$ 1,076,734</b>	<b>\$ 267,876</b>	<b>\$ 7,493</b>	<b>\$ 7,868,302</b>	<b>\$ 131,588</b>	<b>\$ 6,035,538</b>	<b>\$ -</b>	<b>\$ (349,279)</b>	<b>\$ 22,408,492</b>
<b>Net Assets</b>													
Invested in capital assets, net of related debt	\$ 77,067,184	\$ 1,397,391	\$ 41	\$ -	\$ 12,239,456	\$ 4,127,311	\$ 4,764	\$ 5,699,651	\$ -	\$ 107,058	\$ -	\$ -	\$ 100,642,856
Restricted net assets	3,157,801	-	-	-	-	-	-	4,610,493	-	-	-	-	7,768,294
Unrestricted net assets	27,837,107	354,704	63,264	-	-	-	188,286	8,752,821	1,109,268	220,518	-	-	38,525,968
<b>Total Net Assets</b>	<b>\$ 108,062,092</b>	<b>\$ 1,752,095</b>	<b>\$ 63,305</b>	<b>\$ -</b>	<b>\$ 12,239,456</b>	<b>\$ 4,127,311</b>	<b>\$ 193,050</b>	<b>\$ 19,062,965</b>	<b>\$ 1,109,268</b>	<b>\$ 327,576</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 146,937,118</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 114,482,850</b>	<b>\$ 2,676,990</b>	<b>\$ 87,892</b>	<b>\$ -</b>	<b>\$ 13,316,190</b>	<b>\$ 4,395,187</b>	<b>\$ 200,543</b>	<b>\$ 26,931,267</b>	<b>\$ 1,240,856</b>	<b>\$ 6,363,114</b>	<b>\$ -</b>	<b>\$ (349,279)</b>	<b>\$ 169,345,610</b>

**Columbus Metropolitan Housing Authority**  
**Supplemental Financial Data Schedules**  
**Statement of Revenue, and Changes in Net Assets**  
**December 31, 2003**

	Section 8											Total
	Low Rent	Housing Choice Vouchers	Mod Rehab	CGP	Capital Grant	Hope VI	Shelter Care Plus	Other Business Ventures	Section 8 N/C S/R	AHSC	PHDEP	
	14.850	14.871	14.856	14.859	14.872	14.866	14.238		14.182	14.195	14.854	
<b>Revenue</b>												
Net tenant rental revenue	\$ 4,532,004	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 727,567	\$ -	\$ -	\$ -	\$ 5,259,571
HUD PHA operating grants	7,733,993	60,871,025	428,391	-	2,175,444	193,560	2,514,064	-	9,311,742	221,362,226	711,083	305,301,528
Capital grants	-	-	-	-	5,396,421	3,387,775	-	-	-	-	-	8,784,196
Investment income - unrestricted	87,767	36,296	679	-	-	-	2,545	163,524	10,688	411	-	301,910
Other revenue	287,381	54,572	56	-	-	-	4	796,327	6	-	-	1,138,346
Gain or loss on the sale of fixed assets	28,677	900	(712)	-	-	-	-	13,280	(3,165)	-	-	38,980
Investment income - restricted	51,112	-	-	-	-	-	-	133,639	-	-	-	184,751
<b>Total Revenue</b>	<b>12,720,934</b>	<b>\$ 60,962,793</b>	<b>\$ 428,414</b>	<b>\$ -</b>	<b>\$ 7,571,865</b>	<b>\$ 3,581,335</b>	<b>\$ 2,516,613</b>	<b>\$ 1,834,337</b>	<b>\$ 9,319,271</b>	<b>\$221,362,637</b>	<b>\$711,083</b>	<b>\$ 321,009,282</b>
<b>Expenses</b>												
<b>Administrative</b>												
Administrative salaries	2,832,837	\$ 2,534,356	\$ 19,509	\$ -	\$ 423,295	\$ 125,275	\$ 123,476	\$ 244,153	\$ 109,853	\$ 107,927	\$ 23,723	\$ 6,544,404
Auditing fees	27,525	53,302	503	-	-	-	2,773	6,643	6,240	26,026	-	123,012
Outside management fees	-	-	-	-	-	-	-	35,835	-	11,121,240	-	11,157,075
Employee benefit contributions- administrative	892,170	798,167	6,144	-	133,316	39,454	38,887	69,871	34,597	35,573	8,583	2,056,762
Other Administrative Expenses	843,539	781,950	3,612	-	369,127	28,831	21,265	321,948	49,252	245,997	343,803	3,009,324
<b>Subtotal</b>	<b>4,596,071</b>	<b>4,167,775</b>	<b>29,768</b>	<b>-</b>	<b>925,738</b>	<b>193,560</b>	<b>186,401</b>	<b>678,450</b>	<b>199,942</b>	<b>11,536,763</b>	<b>376,109</b>	<b>22,890,577</b>
<b>Tenant services</b>												
Tenant services - salaries	-	-	-	-	94,466	-	-	-	-	-	-	94,466
Employee benefit contributions- tenant services	-	-	-	-	29,751	-	-	-	-	-	-	29,751
Tenant services - other	84,572	-	-	-	-	-	-	-	-	-	-	84,572
<b>Subtotal</b>	<b>84,572</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>124,217</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>208,789</b>
<b>Utilities</b>												
Water	1,176,775	1,063	10	-	-	-	55	23,552	128	-	-	1,201,583
Electricity	1,025,906	36,519	343	-	-	-	1,909	56,410	4,152	-	-	1,125,239
Gas	860,329	1,164	11	-	-	-	63	79,289	93	-	-	940,949
<b>Subtotal</b>	<b>3,063,010</b>	<b>38,746</b>	<b>364</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,027</b>	<b>159,251</b>	<b>4,373</b>	<b>-</b>	<b>-</b>	<b>3,267,771</b>
<b>Ordinary maintenance &amp; operation</b>												
Ordinary maintenance and operations - labor	2,427,571	16,540	155	-	-	-	866	42,727	1,842	-	-	2,489,701
Ordinary maintenance and operations - materials & oth	623,735	27,483	120	-	-	-	632	14,480	1,532	-	26	668,008
Ordinary maintenance and operations - contract costs	1,694,617	65,445	496	-	-	-	2,738	115,103	6,189	-	-	1,884,588
Employee benefit contributions- ordinary maintenance	764,536	5,209	49	-	-	-	273	7,368	580	-	-	778,015
<b>Subtotal</b>	<b>5,510,459</b>	<b>114,677</b>	<b>820</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,509</b>	<b>179,678</b>	<b>10,143</b>	<b>-</b>	<b>26</b>	<b>5,820,312</b>

**Columbus Metropolitan Housing Authority**  
**Supplemental Financial Data Schedules**  
**Statement of Revenue, and Changes in Net Assets**  
**December 31, 2003**

	Section 8											Total	
	Housing Choice			CGP	Capital Grant	Hope VI	Shelter	Other	Section 8		PHDEP		
	Low Rent	Vouhcers	Mod Rehab				Care Plus	Business Ventures	N/C S/R	AHSC			
	14,850	14,871	14,856	14,859	14,872	14,866	14,238						
<b>Protective services</b>													
Protective services - labor	-	-	-	-	310,987	-	-	-	-	-	-	245,493	556,480
Protective services - other contract costs	195	-	-	-	147,901	-	-	49,894	-	-	-	-	197,990
Employee benefit contributions- protective services	-	-	-	-	97,941	-	-	-	-	-	-	88,814	186,755
Subtotal	195	-	-	-	556,829	-	-	49,894	-	-	-	334,307	941,225
<b>General expenses</b>													
Insurance premiums	425,481	24,309	230	-	-	-	1,259	46,682	2,934	-	-	-	500,895
Other general expenses	395,728	12,817	-	-	-	-	-	783	-	-	-	-	409,328
Payments in lieu of taxes	104,846	-	-	-	-	-	-	78,090	-	-	-	-	182,936
Bad debt - tenant rents	222,445	-	-	-	-	-	-	-	-	-	-	-	222,445
Interest expense	-	-	-	-	-	-	-	400,019	-	-	-	-	400,019
Severance expense	14,584	737	2	-	-	-	12	-	12	-	-	641	15,988
Subtotal	1,163,084	37,863	232	-	-	-	1,271	525,574	2,946	-	-	641	1,731,611
<b>Other expenses</b>													
Extraordinary maintenance	43,406	-	-	-	-	-	-	-	-	-	-	-	43,406
Housing assistance payments	-	55,881,727	377,806	-	-	-	2,312,938	-	8,898,728	209,623,758	-	-	277,094,957
Depreciation expense	8,094,944	175,419	1,488	-	-	-	7,807	141,371	21,926	57,387	-	-	8,500,342
Subtotal	8,138,350	56,057,146	379,294	-	-	-	2,320,745	141,371	8,920,654	209,681,145	-	-	285,638,705
<b>Total Expenses</b>	<b>22,555,741</b>	<b>\$ 60,416,207</b>	<b>\$ 410,478</b>	<b>\$ -</b>	<b>\$ 1,606,784</b>	<b>\$ 193,560</b>	<b>\$ 2,514,953</b>	<b>\$ 1,734,218</b>	<b>\$ 9,138,058</b>	<b>\$ 221,217,908</b>	<b>\$ 711,083</b>	<b>\$ 320,498,990</b>	
<b>Other Financing Sources (uses)</b>													
Operating transfers in	11,020,706	-	-	-	-	-	-	-	-	-	-	-	11,020,706
Operating transfers out	-	(1,416,362)	-	(9,035,684)	(568,660)	-	-	-	-	-	-	-	(11,020,706)
<b>Total Other Financing Sources (uses)</b>	<b>11,020,706</b>	<b>\$ (1,416,362)</b>	<b>\$ -</b>	<b>\$ (9,035,684)</b>	<b>\$ (568,660)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>					
<b>Excess (Deficiency) of Total Revenue</b>													
<b>Over (Under) Total Expenses</b>	<b>\$ 1,185,899</b>	<b>\$ (869,776)</b>	<b>\$ 17,936</b>	<b>\$ (9,035,684)</b>	<b>\$ 5,396,421</b>	<b>\$ 3,387,775</b>	<b>\$ 1,660</b>	<b>\$ 100,119</b>	<b>\$ 181,213</b>	<b>\$ 144,729</b>	<b>\$ -</b>	<b>\$ 510,292</b>	

# Columbus Metropolitan Housing Authority

## Schedule of Expenditures of Federal Awards

December 31, 2003

										Catalog of	
										Federal	
										Domestic	
										Assistance	
<b>Federal Grantor/Pass-Through Grantor/Program Title</b>										<b>Number</b>	<b>Expenditures</b>
<b>U.S. Department of Housing and Urban Development</b>											
Direct Programs											
Low-Rent Public Housing—PHA-Owned and Leased										14.850	\$ 7,733,993
Public Housing Drug Elimination Program										14.854	711,083
Revitalization of Severely Distressed Public Housing										14.866	3,581,335
Public Housing Capital Fund Program										14.872	7,571,865
Subtotal—Public Housing											19,598,276
Section 8 Housing Assistance Program											
Substantial Rehabilitation										14.182	9,311,742
Shelter Care Plus										14.238	2,514,064
Housing Choice Vouchers										14.871	60,871,025
Moderate Rehabilitation										14.856	428,391
Subtotal—Section 8 Housing Assistance Program											73,125,222
Section 8 Housing Assistance Payment Program											
Special Allocations										14.195	221,362,226
Total Federal Financial Assistance											\$ 314,085,724

**Columbus Metropolitan Housing Authority**  
**Notes to Schedule of Federal Expenditures of Federal Awards**  
**December 31, 2003**

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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 2003, the receipt of \$312,262 and of \$83,466 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 2003 the Authority provided \$25,000 to the Partnership for this purpose.



**Columbus Metropolitan Housing Authority**  
**Schedule of Actual Modernization Costs**  
**Project OH16-P001-501**

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

<b>Classification</b>	<b>Project OH16-P001-501</b>
Operations	\$ 800,437
Management improvements-soft costs	435,142
Administration	308,786
Fees and costs	872,900
Site improvements	357,216
Dwelling structures	5,106,364
Nondwelling structures	11,665
Nondwelling equipment	103,345
Relocation codes	8,520
<b>Total Costs</b>	<b>\$ 8,004,375</b>

2. The distribution of costs by major cost accounts as shown on the Performance and Evaluation Report dated March 4, 2003 for Project OH16-P001-501, as submitted to HUD for approval, is in agreement with the Authority's records.
3. Funds advanced for Project OH16-P001-501 totaled \$8,004,375.

**Columbus Metropolitan Housing Authority**  
**Schedule of Actual Modernization Costs**  
**Project OH12-URD001-D100**

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

	<b>Project</b>
<b>Classification</b>	<b>OH12-URD001-D100</b>
Administration	\$ 14,525
Fees and costs	130,232
Site improvements	264,702
Demolition	1,052,066
<b>Total costs</b>	<b>\$ 1,461,525</b>

2. The distribution of costs by major cost accounts as shown on the Performance and Evaluation Report dated April 15, 2003 for Project OH12-URD001-D100, as submitted to HUD for approval, is in agreement with the Authority's records.
3. Funds advanced for Project OH12-URD001-D100 totaled \$1,461,525.

**Report of Independent Auditors on Compliance and on Internal Control  
Over Financial Reporting Based on an Audit of the Financial Statements  
Performed in Accordance With *Government Auditing Standards***

To the Board of Commissioners of  
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, 2003, and have issued our report thereon dated April 9, 2004. 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.

*PriceWaterhouseCoopers LLP*

April 9, 2004

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

To the Board of Commissioners of  
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 2003 that are applicable to each of its major federal programs for the year ended December 31, 2003. The Authority’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Authority’s management. Our responsibility is to express an opinion on the Authority’s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations and Public and Indian Housing Compliance Supplement* dated March 2003. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Authority’s compliance with those requirements.

As described in item 03-1 in the accompanying schedule of findings and questioned costs, the Authority did not achieve compliance with certain Low-Income Housing—PHA Owned and Leased (CFDA 14.850) eligibility requirements pertaining to the annual reexamination of family income and composition in 27% of the cases examined as of November 30, 2003. Compliance with such requirements is necessary, in our opinion, for the Authority to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, 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, 2003.

**Internal Control Over Compliance**

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the 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, management, 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 these specified parties.

*PricewaterhouseCoopers LLP*

April 9, 2004

**Columbus Metropolitan Housing Authority**  
**Schedule of Findings and Questioned Costs**  
**December 31, 2003**

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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: Qualified

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
14.866	Demolition and Revitalization of Severely Distressed Public Housing
14.871	Housing Choice Vouchers

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**

### **December 31, 2003**

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#### **Section II - Financial Statement Findings**

No matters were noted.

#### **Section III – Federal Award Findings and Questioned Costs**

##### **03-1**

##### **Criteria:**

The Department of Housing and Urban Development A-133 Compliance Supplement dated March 2003, CFDA 14.850 Public and Indian Housing, Section III.E.1.e. provides that a Public Housing Authority (PHA) must reexamine family income and composition at least once every 12 months and adjust the tenant rent and housing assistance payment as necessary using the documentation from third party verification (24 CFR sections 960.253, 960.257, and 960.259.) Section III.E.1.b. indicates that for both family income examinations and reexaminations, the PHA must obtain and document in the family file third party verification of: (1) reported family annual income; (2) the value of assets; (3) expenses related to deductions from annual income; and (4) other factors that affect the determination of adjusted income or income-based rent (24 CFR section 960.259.)

##### **Condition:**

We noted that a number of the tenant files relating to the Low-Income Housing—PHA Owned and Leased Program (CFDA 14.850) lacked documentation of an annual reexamination. Our sample testing of 85 tenant files as of November 30, 2003 disclosed 23 instances (27%) where the tenant file selected did not include documentation of a review during the previous 12 months. Our sample testing of 60 tenant files as of December 31, 2003 disclosed 10 instances (17%) where the tenant file selected did not include documentation of a review during the previous 12 months. Our sample testing of 60 tenant files as of March 31, 2004 disclosed 7 instances (12%) where the tenant file selected did not include documentation of a review during the previous 12 months.

##### **Cause:**

- 1) Significant staff turnover in this department
- 2) New tenant training program requiring special reviews which utilized staff resources

##### **Recommendation:**

We recommend that the Authority implement policies and procedures to ensure that annual tenant reexaminations are being performed within the required timeframe and that the required documentation is being maintained in the tenant files. It is very important that the Authority keep updated tenant records to ensure that tenant rents are being accurately calculated and the proper subsidies are being paid.

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

No findings reported in prior audit report.

**Columbus Metropolitan Housing Authority**  
**Schedule of Findings and Questioned Costs**  
**December 31, 2003**

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**Section V Corrective Action Plan**

The Authority has required mandatory overtime of those employees responsible for annual tenant rent reviews and two staff members have been added to facilitate the resolution of this issue. The number of late tenant annual reexaminations is being closely monitored by management of the Authority.





**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  
NOVEMBER 4, 2004**