

# **Lucas Metropolitan Housing Authority**

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**Financial Report  
with Supplemental Information  
December 31, 2008**





Mary Taylor, CPA  
Auditor of State

Board of Commissioners  
Lucas Metropolitan Housing Authority  
435 Nebraska Avenue  
Toledo, Ohio 43602

We have reviewed the *Independent Auditor's Report* of the Lucas Metropolitan Housing Authority, Lucas County, prepared by Plante & Moran, PLLC, for the audit period January 1, 2008 through December 31, 2008. 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.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

October 5, 2009

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# Lucas Metropolitan Housing Authority

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## Independent Auditor's Report

To the Board of Commissioners  
Lucas Metropolitan Housing Authority

We have audited the accompanying basic financial statements of Lucas Metropolitan Housing Authority (the "Authority") as of December 31, 2008 and 2007 and for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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*. Those standards require that we plan and perform the audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Lucas Metropolitan Housing Authority as of December 31, 2008 and 2007 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.

The management's discussion and analysis is not a required part of the basic financial statements but is supplemental information required by the Governmental Auditing Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion thereon.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information, including the financial data schedules, the schedule of units under management, the actual cost certificates and final accepted budgets (HD-52837 & ACGCC, HUD-52839), and the schedule of expenditures of federal awards (under separate cover), is presented for the purpose of additional analysis as required by the 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 of Lucas Metropolitan Housing Authority. 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.

To the Board of Commissioners  
Lucas Metropolitan Housing Authority

In accordance with *Government Auditing Standards*, we have also issued a report dated June 17, 2009 on our consideration of Lucas Metropolitan Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants, and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting on compliance and the results of that testing, and not to provide opinions on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Plante & Moran, PLLC*

June 17, 2009

# **Lucas Metropolitan Housing Authority**

## **Management's Discussion and Analysis**

Lucas Metropolitan Housing Authority's (LMHA or the "Authority") management's discussion and analysis (MD&A) is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of LMHA's financial activities for the year, (c) identify changes in LMHA's financial position, and (d) identify individual fund or program issues or concerns.

LMHA offers this narrative overview of its financial activities for the 12-month period ended December 31, 2008.

Since the MD&A is designed to focus on the current year's activities, resulting changes, and currently known facts, please read this discussion in conjunction with LMHA's accompanying financial statements and notes.

### **Mission Statement**

Through its programs and partnerships, Lucas Metropolitan Housing Authority is committed to building better neighborhoods by providing comprehensive housing opportunities for qualified individuals and families through creative and professional services in partnership with the greater community.

### **Activity Highlights**

LMHA converted the internal accounting system during 2008 to a structure that is compliant with HUD's asset management accounting and budgeting requirements. Under asset management, LMHA has organized its units into nine asset management projects (AMPs), which each now has its own complete independent and comprehensive balance sheet and profit and loss statements. This conversion was completed during summer 2008.

### **Financial Highlights**

Below are some key highlights and comparisons between fiscal years 2008 and 2007:

- LMHA's total assets exceeded its liabilities by \$64,919,846 at December 31, 2008. This is a decrease of \$791,611 from the previous year, primarily as a result of depreciation expense and a loss from operations.
- Operating revenues increased by \$72,571 (0.2 percent). Revenue was \$42,970,815 and \$42,898,244 for the reporting periods ended December 31, 2008 and 2007, respectively. Overall, during the fiscal period audited, revenues received and earned were consistent with the prior year.

# Lucas Metropolitan Housing Authority

## Management's Discussion and Analysis (Continued)

- Operating expenses increased by \$373,803 (0.8 percent). Expenses were \$48,875,534 and \$48,501,731 (including depreciation) for the reporting periods ended December 31, 2008 and 2007, respectively. Overall, during the fiscal period audited, operating expenses were consistent with the prior year.

### The Authority's Programs

Financial statements of Lucas Metropolitan Housing Authority utilize the Enterprise Fund method, on the full accrual basis of accounting. The Enterprise Fund method is similar to accounting used in the private sector. Many of the program funds maintained by LMHA are required by the Department of Housing and Urban Development. Others are segregated to enhance accountability and control. The Authority's significant programs are described below. Within these main programs, the Lower Income Housing Assistance Program - Voucher Program is deemed to be a major program as defined for federal award purposes under Circular A-133 for the current period ended December 31, 2008.

**Low-income Public Housing Program** - Under this program, LMHA rents units that it owns in 34 developments and over 200 scattered sites within Lucas County to low-income households. This program is operated under an annual contributions contract (ACC) with HUD, and HUD provides operating subsidy to enable LMHA to provide housing at a cost that is based upon 30 percent of household income. LMHA currently owns and operates 3,100 subsidized units in this program.

**Capital Fund Program** - Under this program, LMHA receives funding from HUD for physical and management improvements to its units within the Low-income Public Housing Program. The Capital Fund Program is operated under the annual contributions contract (ACC) with HUD.

**Section 8 Program** - Within the Section 8 Program, LMHA administers contracts with independent landlords that own and lease units within its community. LMHA subsidizes the family's rent through a housing assistance payment (HAP) made to the landlord. These programs are operated under annual contributions contracts (ACC) with HUD, which enables LMHA to structure a lease that sets the participants' housing costs at 30 percent of household income. LMHA currently administers 3,748 housing choice vouchers, 150 mainstream vouchers, and 47 moderate rehabilitation units.

In addition to the programs outlined above, LMHA also maintains the following programs that are deemed to be nonmajor federal programs and other nonfederal programs:

**Resident Services Grants** - Resident services grants include grants funded by HUD, such as Resident Opportunity and Self-sufficiency Grant (ROSS), and smaller private and other specific-purpose grants (state and local funding).

# Lucas Metropolitan Housing Authority

## Management's Discussion and Analysis (Continued)

**Non-HUD/Business Activities Programs** - Non-HUD/Business Activities Programs include programs such as contract administration (a consortium with other housing authorities to manage site-based properties for HUD), as well as proceeds from the old Turnkey III Homeownership Program (utilized to provide homeownership opportunities for low-income families), and the Veteran's Fund (a discretionary pool of funding developed from a variety of activities). This fund group now also includes the Central Office Cost Center (COCC), a new entity created that is related to the implementation of asset management.

**Component Unit** - LMHA, through Westridge Apartments Development Corporation, owns the Westridge apartment complex (a 190-unit site with 25 percent of its units leased to low-income residents). This is considered as a component unit activity of LMHA.

### The Authority's Financial Statements

LMHA's basic "authority-wide" accompanying audited financial statements are designed to be corporate-like in that all business-type activities are consolidated into columns which add to a total for the entire authority. These financial statements include a statement of net assets (similar to a balance sheet), which is designed to represent the available assets, net of liabilities, for the entire Authority. Net assets (formerly known as equity) are reported in three broad categories: net assets invested in capital assets (net of related debt and depreciation), restricted net assets, and unrestricted net assets.

Our Authority-wide financial statements also include a statement of revenues, expenses, and changes in net assets (similar to an income statement). This statement includes operating revenues such as rental income and operating expenses, including administrative, maintenance, and utilities, as well as nonoperating items, such as capital grant revenue and investment income. The focus of this statement is the "change in net assets," which is similar to net income or loss.

Finally, a statement of cash flows is included, which discloses net cash provided by or used in operating activities and capital and related financing activities.

We also include additional information which we feel will assist the reader in understanding the financial statements. This additional information will allow the user to address relevant questions, broaden the basis for comparison, and enhance LMHA's accountability.

# Lucas Metropolitan Housing Authority

## Management's Discussion and Analysis (Continued)

The following statements are condensed versions of our financial statements, for the purpose of analysis and discussion. See the full financial statements for more details on results of operations.

### Lucas Metropolitan Authority Statement of Net Assets December 31, 2008

The following table represents the condensed statement of net assets compared to the prior year for all of LMHA's programs combined:

	12 Months Ended December 31, 2008	12 Months Ended December 31, 2007	Change
<b>Assets</b>			
Current and other assets	\$ 18,742,879	\$ 18,403,304	\$ (339,575)
Noncurrent assets	<u>57,159,719</u>	<u>58,715,537</u>	<u>1,555,818</u>
Total assets	75,902,598	77,118,841	1,216,243
<b>Liabilities</b>			
Current and other liabilities	3,970,523	4,373,276	402,753
Noncurrent liabilities	<u>7,012,229</u>	<u>7,034,108</u>	<u>21,879</u>
Total liabilities	<u>10,982,752</u>	<u>11,407,384</u>	<u>424,632</u>
<b>Net Assets</b>			
Invested in capital assets - Net of related debt	50,350,404	52,120,450	1,770,046
Unrestricted and restricted	<u>14,569,442</u>	<u>13,591,007</u>	<u>(978,435)</u>
Total net assets	<u>\$ 64,919,846</u>	<u>\$ 65,711,457</u>	<u>\$ 791,611</u>

### Major Factors Affecting the Statement of Net Assets

Current assets increased slightly by \$339,575 due to a reduction in inventory and an increase in grant receivables.

Noncurrent assets decreased by \$1,555,818 which is also a result of decreases in long-term capital investments due to decreases in capital fund grants from HUD. Depreciation expense higher than ongoing capital expenditures also contributed to this decrease.

Total liabilities decreased by \$424,632 due to a decrease in accrued expenses from the prior year.

# Lucas Metropolitan Housing Authority

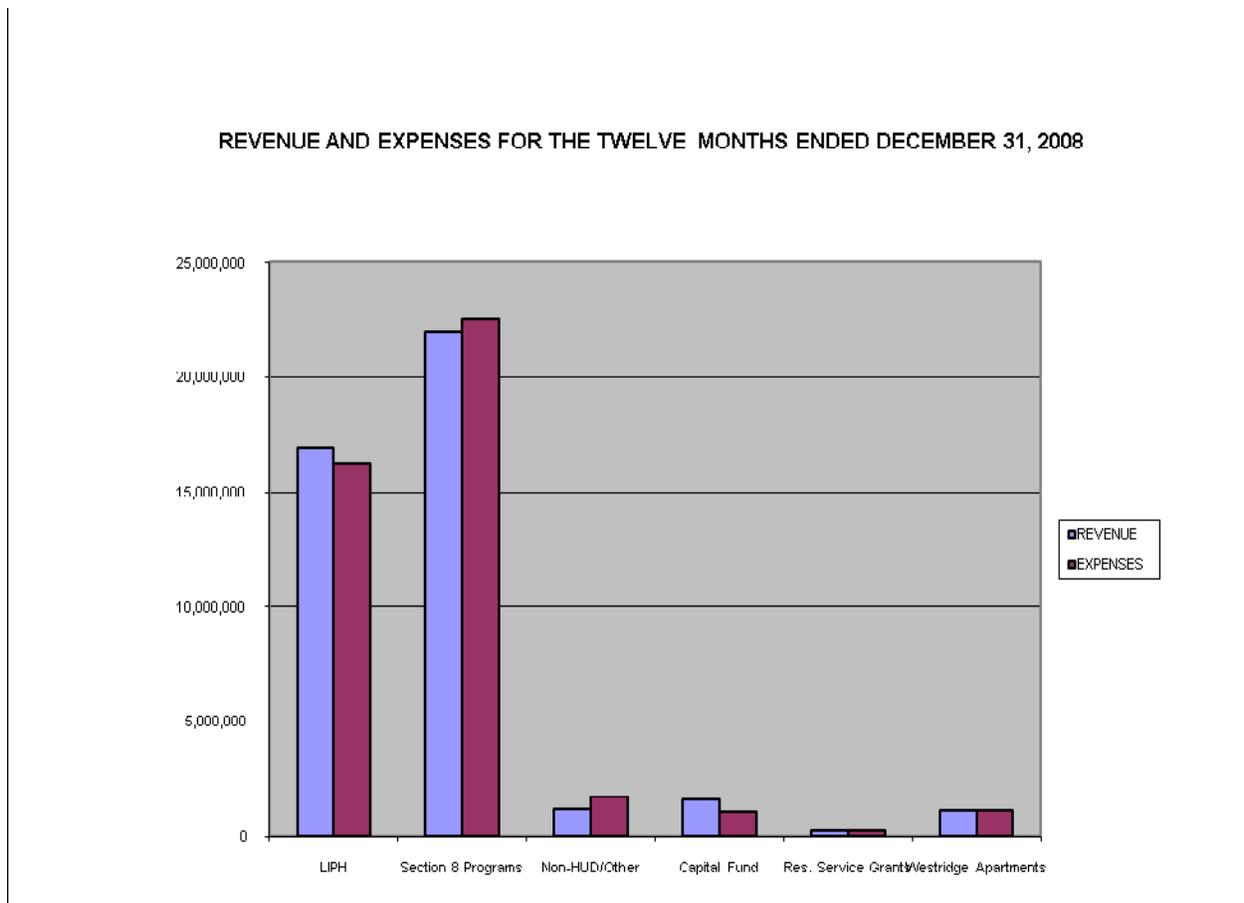
## Management's Discussion and Analysis (Continued)

Noncurrent liabilities consist primarily of long-term debt. LMHA has a note payable/mortgage related to the component unit. No significant activity has occurred related to long-term debt during 2008 other than the routine monthly payments made. During 2008, the long-term portion of this debt was reduced from \$5,691,412 to a balance of \$5,612,854 at December 31, 2008. This is a reduction of \$78,558. See Note 9 for further information about this debt.

Please refer to the full financial statements for more detailed information on these accounts.

### Lucas Metropolitan Housing Authority Revenues and Expenses by Programs 12 Months Ended December 31, 2008

The following schedule compares the revenues and expenses for the current and previous fiscal years for all LMHA programs:



Please refer to the full financial statements for more detailed information on these accounts.

# Lucas Metropolitan Housing Authority

## Management's Discussion and Analysis (Continued)

### Lucas Metropolitan Housing Authority Statement of Revenues, Expenses, and Changes in Net Assets 12 Months Ended December 31, 2008

The results of operations for LMHA for the current and previous fiscal years are presented below:

	12 Months Ended December 31, 2008	12 Months Ended December 31, 2007	Change
<b>Revenue</b>			
Conventional Public Housing (LIPH)	\$ 16,858,472	\$ 16,215,755	\$ 642,717
Section 8 Programs	21,956,482	22,524,088	(567,606)
Capital Fund Program (CFP)	1,580,121	1,726,142	(146,021)
Non-HUD/Other business activities	1,176,616	1,060,720	115,896
Resident service grants	251,935	246,285	5,650
Westridge Apartments (component unit)	1,147,189	1,125,254	21,935
Total revenue	<u>\$ 42,970,815</u>	<u>\$ 42,898,244</u>	<u>\$ 72,571</u>
<b>Expenses</b>			
Conventional Public Housing (LIPH)	\$ 22,433,970	\$ 23,026,593	\$ (592,623)
Section 8 Programs	22,576,742	22,440,824	135,918
Capital Fund Program (CFP)	1,580,121	1,031,857	548,264
Non-HUD/Other business activities	720,370	521,613	198,757
Resident service grants	251,935	240,298	11,637
Westridge Apartments (component unit)	1,312,396	1,240,545	71,851
Total expenses	<u>\$ 48,875,534</u>	<u>\$ 48,501,730</u>	<u>\$ 373,804</u>
<b>Operating Revenues</b>			
HUD and other grants	\$ 35,251,250	\$ 35,395,625	\$ (144,375)
Rental income	5,865,795	5,979,653	(113,858)
Other income	1,417,942	887,937	530,005
Total operating revenues	42,534,987	42,263,215	271,772

# Lucas Metropolitan Housing Authority

## Management's Discussion and Analysis (Continued)

### Lucas Metropolitan Housing Authority Statement of Revenues, Expenses, and Changes in Net Assets (Continued) 12 Months Ended December 31, 2008

<b>Operating Expenses</b>			
Housing assistance payments	\$ 20,048,904	\$ 20,187,427	\$ (138,523)
Administrative salaries and benefits	6,017,465	5,676,419	341,046
Utilities	5,397,718	4,974,376	423,342
Maintenance - Material and labor	4,553,662	4,451,528	102,134
Sundry administration	2,221,155	1,567,157	653,998
Contract services	1,163,443	1,573,558	(410,115)
Resident services	1,061,843	943,389	118,454
General	1,348,079	1,517,334	(169,255)
Nonroutine maintenance	13,779	15,073	(1,294)
Protective service	62,931	92,422	(29,491)
Depreciation	6,637,436	7,151,460	(514,024)
Total operating expenses	<u>48,526,415</u>	<u>48,150,143</u>	<u>376,272</u>
<b>Operating Loss</b>	(5,991,428)	(5,886,928)	(104,500)
<b>Nonoperating Income (Expense)</b>			
Net increase in the fair value of investments	45,592	8,692	36,900
Interest income	435,828	635,029	(199,201)
Interest expense	(349,119)	(351,588)	2,469
Gain (loss) on sale of property and equipment	9,231	(17,507)	26,738
Total nonoperating income (expense)	<u>141,532</u>	<u>274,626</u>	<u>(133,094)</u>
<b>Loss Before Contributions</b>	(5,849,896)	(5,612,302)	(237,594)
<b>Contributions - Capital grants</b>	<u>5,058,285</u>	<u>2,327,804</u>	<u>2,730,481</u>
<b>Change in Net Assets</b>	(791,611)	(3,284,498)	2,492,887
<b>Net Assets - Beginning of year</b>	<u>65,711,457</u>	<u>68,995,955</u>	<u>(3,284,498)</u>
<b>Net Assets - End of year</b>	<u>\$ 64,919,846</u>	<u>\$ 65,711,457</u>	<u>\$ (791,611)</u>

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

Total revenue increased by only \$72,571. The conventional low-income housing program had an increase in revenue of \$642,717; however, the Section 8 program had a decrease in revenues of \$567,606.

Total operating expenses increased by only \$373,803 from 2007 to 2008.

Please refer to the full financial statements for more detailed information on these accounts.

# Lucas Metropolitan Housing Authority

## Management's Discussion and Analysis (Continued)

### Lucas Metropolitan Housing Authority Comparison of Capital Assets at Period End - Net of Depreciation 12 Months Ended December 31, 2008

	12 Months Ended December 31, 2008	12 Months Ended December 31, 2007	Change
Land	\$ 7,782,102	\$ 7,765,528	\$ 16,574
Buildings	170,502,815	161,388,899	9,113,916
Equipment	2,495,443	3,556,395	(1,060,952)
Accumulated depreciation	<u>(127,992,968)</u>	<u>(122,478,948)</u>	<u>(5,514,020)</u>
Subtotal	52,787,392	50,231,874	2,555,518
Work in progress	<u>3,255,354</u>	<u>7,653,861</u>	<u>(4,398,507)</u>
Total	<u><b>\$ 56,042,746</b></u>	<u><b>\$ 57,885,735</b></u>	<u><b>\$ (1,842,989)</b></u>

During fiscal year 2008, the net change in capital assets amounted to a decrease of \$1,542,989. The above table represents the changes in the asset accounts by category as follows:

- Land increased slightly and buildings increased by over \$9.1 million; these changes are due mainly to the closeout of the work-in-progress balances of capital grants that closed in the prior year.
- Equipment values decreased by \$1,060,952 due to disposals of obsolete equipment and vehicles during the year and due to the write-off of equipment items below LMHA's revised capitalization threshold of \$5,000.
- Accumulated depreciation increased by \$5,514,020 due to the current year depreciation expense during the 12-month period ended December 31, 2007 and reductions related to written-off equipment.
- Work in progress decreased by \$4,098,507 from the prior year. This is due to the reclassification to building of improvements that are in open grants the prior year. Also, LMHA is now putting building improvements in-service based upon contract completion date, not based upon the close-out date of the grants. (This is related to implementing asset management accounting).

# Lucas Metropolitan Housing Authority

## Statement of Net Assets

Assets	<u>December 31, 2008</u>	<u>December 31, 2007</u>
<b>Current Assets</b>		
Cash and cash equivalents - Unrestricted (Note 2)	\$ 6,341,183	\$ 11,808,146
Cash and cash equivalents - Other restricted	3,400,845	498,804
Tenant security deposits	337,967	345,231
Investments (Note 2)	5,379,989	3,505,003
Grants receivable	1,836,023	1,070,707
Tenant receivables - Net of allowance for doubtful accounts of \$210,652 and \$39,205 at December 31, 2008 and 2007, respectively	111,389	137,965
Notes receivable - Current	40,773	-
Interest receivable	46,520	18,495
Inventory	378,244	572,271
Development costs	235,387	107,916
Prepaid expenses	634,559	338,766
Total current assets	<u>18,742,879</u>	<u>18,403,304</u>
<b>Noncurrent Assets</b>		
Notes receivable - Noncurrent (Note 2)	927,815	829,802
Property and equipment - Net of accumulated depreciation of \$127,992,968 and \$122,478,948 at December 31, 2008 and 2007, respectively (Note 3)	56,042,746	57,885,735
<b>Assets Held for Resale</b>	<u>189,158</u>	<u>-</u>
Total assets	<u><b>\$ 75,902,598</b></u>	<u><b>\$ 77,118,841</b></u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 2,132,731	\$ 1,834,479
Accounts payable - HUD	76,775	117,152
Security and other trust deposits	335,513	351,455
Accrued wages and payroll taxes	685,337	679,544
Compensated absences - Current portion (Note 6)	200,171	372,830
Notes payable - Current portion (Note 9)	79,488	73,873
Other current liabilities	460,508	943,943
Total current liabilities	<u>3,970,523</u>	<u>4,373,276</u>
<b>Noncurrent Liabilities</b>		
Notes payable - Net of current portion (Note 9)	5,612,854	5,691,412
Compensated absences - Net of current portion (Note 6)	1,134,304	1,018,467
Other noncurrent liabilities - Net of current portion	265,071	324,229
Total liabilities	<u>10,982,752</u>	<u>11,407,384</u>
<b>Net Assets</b>		
Unrestricted	8,506,304	10,308,333
Invested in capital assets - Net of related debt (Note 3)	50,350,404	52,120,450
Restricted net assets	6,063,138	3,282,674
Total net assets	<u>64,919,846</u>	<u>65,711,457</u>
Total liabilities and net assets	<u><b>\$ 75,902,598</b></u>	<u><b>\$ 77,118,841</b></u>

The Notes to Financial Statements are an  
Integral Part of this Statement.

# Lucas Metropolitan Housing Authority

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

	Year Ended December 31	
	2008	2007
<b>Operating Revenues</b>		
HUD and other grants	\$ 35,251,250	\$ 35,395,625
Rental income	5,865,795	5,979,653
Other income	1,417,942	887,937
Total operating revenues	42,534,987	42,263,215
<b>Operating Expenses</b>		
Housing assistance payments	20,048,904	20,184,577
Administrative salaries and benefits	6,017,465	5,676,419
Utilities	5,397,718	4,974,376
Maintenance - Material and labor	4,553,662	4,454,378
Other administrative costs	2,221,155	1,567,157
Contract services	1,163,443	1,573,558
Resident services	1,061,843	943,389
General	1,348,079	1,517,334
Nonroutine maintenance	13,779	15,073
Protective service	62,931	92,422
Depreciation	6,637,436	7,151,460
Total operating expenses	48,526,415	48,150,143
<b>Operating Loss</b>	(5,991,428)	(5,886,928)
<b>Nonoperating Income (Expense)</b>		
Realized and unrealized net gain on investments	45,592	8,692
Gain (loss) on sale of property and equipment	9,231	(17,507)
Interest income	435,828	635,029
Interest expense	(349,119)	(351,588)
Total nonoperating income (expense)	141,532	274,626
<b>Loss Before Contributions</b>	(5,849,896)	(5,612,302)
<b>Contributions - Capital grants</b>	5,058,285	2,327,804
<b>Change in Net Assets</b>	(791,611)	(3,284,498)
<b>Net Assets - Beginning of year</b>	65,711,457	68,995,955
<b>Net Assets - End of year</b>	<b>\$ 64,919,846</b>	<b>\$ 65,711,457</b>

# Lucas Metropolitan Housing Authority

## Statement of Cash Flows

	Year Ended December 31	
	2008	2007
<b>Cash Flows from Operating Activities</b>		
Cash received from HUD operating subsidies and grants	\$ 34,748,060	\$ 35,464,004
Cash received from tenants	5,892,341	5,916,704
Other receipts	1,361,923	987,362
Cash payments for housing assistance	(20,089,281)	(20,202,219)
Cash payments for administrative expenses	(15,035,446)	(17,649,732)
Cash payments for other operating expenses	(4,269,189)	(1,028,853)
Cash payments for resident and other services	(2,830,810)	(792,463)
Other payments	(427,073)	(111,494)
Net cash (used in) provided by operating activities	(649,475)	2,583,309
<b>Cash Flows from Investing Activities</b>		
Purchase of investments	(1,773,345)	(635,489)
Interest received	407,803	640,573
Net cash (used in) provided by investing activities	(1,365,542)	5,084
<b>Cash Flows from Capital and Related Financing Activities</b>		
Capital grants received	4,796,159	1,649,438
Issuance of notes receivable	(202,773)	-
Payments from notes receivable	63,987	15,752
Purchase of property and equipment	(4,785,216)	(2,566,845)
Interest payments	(349,119)	(351,588)
Principal payments on notes payable	(72,943)	(71,403)
Net cash used in capital and related financing activities	(549,905)	(1,324,646)
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	(2,564,922)	1,263,747
<b>Cash and Cash Equivalents - Beginning of year</b>	12,306,950	11,043,203
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 9,742,028</b>	<b>\$ 12,306,950</b>
<b>Cash and Cash Equivalents Reconciliation</b>		
Unrestricted	\$ 6,341,183	\$ 11,808,146
Restricted	3,400,845	498,804
Total cash and cash equivalents	<b>\$ 9,742,028</b>	<b>\$ 12,306,950</b>

# Lucas Metropolitan Housing Authority

## Statement of Cash Flows (Continued) Year Ended December 31, 2008

### Reconciliation of Change in Net Assets to Net Cash from Operating Activities

Operating Loss	\$ (5,991,428)
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	6,637,436
Increase (decrease) in allowance for doubtful accounts	171,447
(Increase) decrease in operating assets:	
Grants receivable	(559,240)
Tenant receivables	(144,871)
Inventory	194,027
Prepaid expenses and other assets	(612,422)
Increase (decrease) in operating liabilities:	
Accounts payable	257,876
Compensated absences	(51,029)
Other liabilities	(542,593)
Security and other trust deposits	<u>(8,678)</u>
Net cash used in operating activities	<u>\$ (649,475)</u>

# Lucas Metropolitan Housing Authority

## Statement of Cash Flows (Continued) Year Ended December 31, 2007

### Reconciliation of Change in Net Assets to Net Cash from Operating Activities

Operating loss	\$ (5,886,928)
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	7,151,460
Bad debts	(62,949)
(Increase) decrease in operating assets:	
Receivables	85,763
Inventory	(77,589)
Prepaid expenses and other assets	323,122
Increase (decrease) in operating liabilities:	
Accounts payable	1,144,132
Compensated absences	(63,507)
Other liabilities	3,710
Security and other trust deposits	<u>(33,905)</u>
Net cash provided by operating activities	<u><u>\$ 2,583,309</u></u>

# Lucas Metropolitan Housing Authority

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## Notes to Financial Statements December 31, 2008 and 2007

### Note I - Summary of Significant Accounting Policies

**Organization and Reporting Entity** - Lucas Metropolitan Housing Authority (LMHA or the "Authority") was created under 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 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 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 appointment of a voting majority plus 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 included as a business activity the operations of Westridge Apartments Development Corporation (WADC) as a blended component unit for the 12-month period ended December 31, 2008 and 2007.

WADC was established as a wholly owned for-profit corporation of the Authority in January 2006 primarily for the purposes of owning and operating a mixed-income apartment complex in Toledo, Ohio.

**Basis of Accounting** - The basic financial statements of the Authority have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units.

The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. 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.

The Authority applies applicable Governmental Accounting Standards Board (GASB) pronouncements, as well as all Financial Accounting Standards Board (FASB) statements and interpretations, Accounting Principles Board (APB) opinions, and Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. After November 30, 1989, the Authority only applies GASB announcements.

# Lucas Metropolitan Housing Authority

## Notes to Financial Statements December 31, 2008 and 2007

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

The Authority's basic financial statements consist of a statement of net assets, a statement of revenues, expenses, and changes in net assets, and a statement of cash flows. The Authority uses a single Enterprise Fund to maintain its financial records on an accrual basis. The Authority considers all revenue and expenses to be operating except for capital funding, which is considered nonoperating income as required by HUD.

**Cash and Cash Equivalents** - Cash and cash equivalents consist of cash on hand and all highly liquid investments purchased with an original maturity of three months or less.

**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.

**Inventories** - Inventories and materials are stated at average cost, which approximates market.

**Property and Equipment** - Property and equipment are recorded at cost. Costs in excess of \$5,000 that materially add to the productive capacity and extend the life of an asset longer than one year are capitalized, while maintenance and repair costs are expensed as incurred. Property and equipment are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20-40 years
Land and improvements	10-20 years
Furniture and fixtures, equipment, and moving vehicles	5-7 years

**Work in Progress** - Work in progress consists of capital projects in progress 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. Fair value of government securities, commercial papers, and the Star Ohio investments is determined using amounts confirmed by the investment institutions and adjusting amounts as necessary for discounts, premiums, and/or interest income. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the statement of revenues, expenses, and changes in net assets.

**Restricted Cash and Investments** - Restricted cash represents amounts held in FSS escrow, other tenants' escrow accounts, and employee Section 125 withholding accounts. Restricted investments consist of amounts whose use is restricted only by HUD requirements and approval.

# Lucas Metropolitan Housing Authority

## Notes to Financial Statements December 31, 2008 and 2007

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

**Revenue Recognition** - The Authority receives funds from certain federal and other agencies under various grant programs. Receivables are recorded based upon amounts expended for the various programs for which funds have not been received, to the extent grant limits have not been exceeded. The Authority leases properties to tenants under various rental arrangements. Recoveries from tenants are recognized as revenue in the period during which the associated costs are incurred.

**Reclassification** - Certain 2007 amounts have been reclassified to conform to the 2008 presentation.

### Note 2 - Deposits and Investments

The Authority's deposits and investments are included at their carrying values on the statement of net assets under the following classifications:

	2008	2007
Cash and cash equivalents	\$ 6,341,183	\$ 11,808,146
Investments	5,379,989	3,505,003
Restricted cash	3,400,845	498,804
Total	<u>\$ 15,122,017</u>	<u>\$ 15,811,953</u>

The above amounts are classified by Governmental Accounting Standards Board Statements No. 3 and No. 40 in the following categories:

	2008	2007
Bank deposits (checking accounts, savings accounts, and certificates of deposit)	\$ 8,630,771	\$ 11,223,851
Investments in securities, bank investment pools, interlocal investment pools, commercial paper, and mutual funds	6,489,821	4,586,702
Petty cash or cash on hand	1,425	1,400
Total	<u>\$ 15,122,017</u>	<u>\$ 15,811,953</u>

#### 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.

# Lucas Metropolitan Housing Authority

## Notes to Financial Statements December 31, 2008 and 2007

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

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 the 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.

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 bank balances of the Authority's deposits are \$9,742,028 and \$12,306,950 at December 31, 2008 and 2007, respectively.

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

- |            |   |
|------------|---|
| Category 1 | \$250,000 and \$100,000 was covered by federal depository insurance at December 31, 2008 and 2007, respectively.  |
| Category 3 | \$9,492,028 and \$12,206,950 was covered by collateral held by the pledging financial institution, but not in the name of the Authority, at December 31, 2008 and 2007, respectively. |

# Lucas Metropolitan Housing Authority

## Notes to Financial Statements December 31, 2008 and 2007

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

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.

#### Investments

HUD, the State Senate, and board resolutions authorize the Authority to invest in obligations of the 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 is 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 confirmation 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. The Authority's investments are all Category A and consist of the following at December 31, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Government securities	\$ 5,379,989	\$ 3,505,002
Merrill Lynch	104,300	101,279
STAR Ohio	1,005,532	980,421
Total investments	<u>\$ 6,489,821</u>	<u>\$ 4,586,702</u>

# Lucas Metropolitan Housing Authority

## Notes to Financial Statements December 31, 2008 and 2007

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

#### Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Authority's investment policy does not restrict investment maturities. The Authority has \$5,379,989 and \$3,505,003 of government agency securities with an average weighted maturity of 1.93 years and 1.92 years for the years ended December 31, 2008 and 2007, respectively.

#### Credit Risk and Concentration of Credit Risk

The Authority has \$5,379,989 and \$3,505,003 of government agency securities that are invested in Freddie Mac, Fannie Mae, and Federal Home Loan securities, which are government-sponsored agencies, and of which the principal and interest are guaranteed by the United States government for the years ended December 31, 2008 and 2007, respectively.

The Authority places no limit on the amount which may be invested in any one issuer.

### Note 3 - Property and Equipment

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

	Balance January 1, 2008	Additions	Reductions and Adjustments	Balance December 31, 2008
Capital assets:				
Buildings and improvements	\$ 161,388,899	\$ 9,115,873	\$ (1,957)	\$ 170,502,815
Land and improvements	7,765,528	-	16,574	7,782,102
Furniture and fixtures, equipment, and moving vehicles	3,556,395	61,791	(1,122,743)	2,495,443
Work in progress	7,653,861	-	(4,398,507)	3,255,354
Total capital assets	180,364,683	9,177,664	(5,506,633)	184,035,714
Accumulated depreciation:				
Buildings and improvements	119,438,271	6,386,154	(118,339)	125,706,086
Furniture and fixtures, equipment, and moving vehicles	3,040,677	251,282	(1,005,077)	2,286,882
Total accumulated depreciation	122,478,948	6,637,436	(1,123,416)	127,992,968
Net capital assets	\$ 57,885,735	\$ 2,540,228	\$ (4,383,217)	\$ 56,042,746

# Lucas Metropolitan Housing Authority

## Notes to Financial Statements December 31, 2008 and 2007

### Note 3 - Property and Equipment (Continued)

	Balance January 1, 2007	Additions	Reductions	Balance December 31, 2007
Capital assets:				
Buildings and improvements	\$ 157,434,600	\$ 3,954,299	\$ -	\$ 161,388,899
Land and improvements	7,783,214	9,300	(26,986)	7,765,528
Furniture and fixtures, equipment, and moving vehicles	3,462,393	114,754	(20,752)	3,556,395
Work in progress	9,310,297	-	(1,656,436)	7,653,861
Total capital assets	177,990,504	4,078,353	(1,704,174)	180,364,683
Accumulated depreciation:				
Buildings and improvements	112,547,252	6,891,019	-	119,438,271
Furniture and fixtures, equipment, and moving vehicles	2,938,012	260,446	(157,781)	3,040,677
Total accumulated depreciation	115,485,264	7,151,465	(157,781)	122,478,948
Net capital assets	<u>\$ 62,505,240</u>	<u>\$ (3,073,112)</u>	<u>\$ (1,546,393)</u>	<u>\$ 57,885,735</u>

Net assets invested in capital assets of \$56,042,746 and \$57,885,735 are presented on the balance sheet, net of related debt of \$5,692,342 and \$5,765,285 at December 31, 2008 and 2007, respectively. Of these net amounts of \$50,350,404 and \$52,120,450, a total of \$11,037,456 and \$8,530,914 at December 31, 2008 and 2007, respectively, were invested in nondepreciable assets, land, and work in progress, as disclosed above.

### 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. Except for housing choice vouchers, this fee is calculated as a percentage of a HUD-determined base rate per leased unit per month under HAP contracts. The rates are as follows:

- |  |              |
|--|--------------|
| a. Moderate Rehabilitation Program (OH006MR0004)     | \$57.84/unit |
| b. Five-year Mainstream Voucher Program (OH006DV003) | 57.84/unit   |
| c. Housing Choice Vouchers (OH006AF0022/0035)        | *            |

\* Administrative fees for the Housing Choice Voucher Program are calculated by HUD based on historical usage patterns and available funding and distributed as a consolidated monthly amount.

The total administrative fees received for the periods ended December 31, 2008 and 2007 were \$2,344,182 and \$2,344,464, respectively.

# Lucas Metropolitan Housing Authority

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## Notes to Financial Statements December 31, 2008 and 2007

### Note 5 - Retirement and Other Benefit Plans

The employees of the Authority are covered by the Ohio Public Employees' Retirement System of Ohio (OPERS), a statewide, cost-sharing, multiple-employer defined benefit pension plan. OPERS 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. OPERS issues a publicly available stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, OH 43215-4642, visiting the OPERS website at [www.OPERS.org](http://www.OPERS.org), or by calling (614) 222-5601.

OPERS administers three separate pension plans as described below:

1. The Traditional Pension Plan - A cost-sharing, multiple-employer defined benefit pension plan
2. The Member-directed Plan - A defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-directed Plan, members accumulate retirement assets equal to the value of member and vested employer contributions plus any investment earnings.
3. The Combined Plan - A cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-directed Plan.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate was 10.00 percent and 9.50 percent of qualifying wages for all employees in 2008 and 2007, respectively. The 2008 and 2007 employer contribution rate was 14.00 percent and 13.85 percent, respectively. 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 OPERS for the periods ended December 31, 2008 and 2007 were \$1,630,743 and \$1,492,671, respectively. All required contributions were made prior to year end.

# Lucas Metropolitan Housing Authority

## Notes to Financial Statements December 31, 2008 and 2007

### Note 5 - Retirement and Other Benefit Plans (Continued)

The Ohio Public Employees' Retirement System provides postretirement healthcare coverage to age and service retirees with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Healthcare coverage for disability recipients is available. The healthcare coverage provided by the retirement system is considered an other postemployment benefit (OPEB) as described in GASB Statement No. 45 and was established under, and is administered in accordance with, Internal Revenue Code Section 401(h). A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 2008 employer contribution rate was 14.00 percent of covered payroll; 7.00 percent was the portion that was used to fund healthcare for 2008. The 2007 employer contribution rate was 13.85 percent of covered payroll; 6.00 percent was the portion that was used to fund health care for 2007. 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 healthcare provisions, are expected to be sufficient to sustain the program indefinitely.

As of December 31, 2008 and 2007, the estimated net assets available for future OPEB payments totaled \$12.8 billion and \$61.3 billion, respectively, per the latest actuarial review. The number of active contributing participants was 363,503 and 382,177 at December 31, 2008 and 2007, respectively.

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 6 - 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 nonunion 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.

# Lucas Metropolitan Housing Authority

## Notes to Financial Statements December 31, 2008 and 2007

### Note 6 - Compensated Absences (Continued)

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. Nonunion personnel have the same provisions under the personnel policies.

For union personnel, in the event of voluntary termination of employment after 10 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). All terminated employees are entitled to receive payment for any accrued and unused vacation time. In the event of the death of an employee, the designated beneficiary shall receive such payments.

For employees not covered under the labor agreement, in the event of voluntary 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). All terminated employees are entitled to receive payment for any accrued and unused vacation time. In the event of the death of an employee, the designated beneficiary shall receive such payments.

All employees hired prior to December 1, 2001 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 hired on December 1, 2001 and thereafter will not be eligible for longevity pay. Union personnel receive longevity pay at their 1995 pay levels at the rate of 2 percent, 4 percent, 6 percent, and 8 percent for five years, 10 years, 15 years, and 20 years, respectively, of service. All nonunion personnel are eligible for longevity pay and receive longevity pay at their current pay levels at the rate of 1 percent, 2 percent, 3 percent, and 4 percent for five years, 10 years, 15 years, and 20 years, respectively, of service.

At December 31, 2008 and 2007, \$1,334,475 and \$1,391,297, respectively, of vested vacation, sick leave, and longevity was accrued by the Authority for both union and nonunion personnel. Of these amounts, \$200,171 and \$372,830 were due within one year as of December 31, 2008 and 2007, respectively, and are reported as current liabilities. Nonvested amounts are not material to the financial statements and have not been accrued. The change of \$56,822 in the balance accrued at December 31, 2008 and 2007 represents amounts earned in 2008 less amounts paid out.

# Lucas Metropolitan Housing Authority

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## Notes to Financial Statements December 31, 2008 and 2007

### Note 7 - Insurance

The 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.

No insurance settlements have exceeded coverage in any of the past three fiscal years and there has not been any significant reduction in insurance coverage in the current year.

### Note 8 - Commitments and Contingencies

**Grants** - The Authority receives 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 December 31, 2008 and 2007.

**Commitments** - The Authority is obligated to complete modernization phases to renovate various facilities. At December 31, 2008 and 2007, there were three open phases totaling \$2,405,719 and \$8,445,081, respectively, for which the Authority has approved funding from HUD to complete.

**Litigation and Claims** - In the normal course of operations, the Authority may be subject to litigation and claims. At December 31, 2008 and 2007, 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 9 - Long-term Debt

Westridge Apartments Development Corporation has a note payable of \$5,692,342 and \$5,765,285 at December 31, 2008 and 2007, respectively, to Red Mortgage Capital, Inc. payable in monthly installments of \$35,249, including interest at 5.99 percent. A lump-sum payment of principal is due in March 2016.

# Lucas Metropolitan Housing Authority

## Notes to Financial Statements December 31, 2008 and 2007

### Note 9 - Long-term Debt (Continued)

Future minimum principal payments on long-term debt over the next five years ending December 31 and thereafter are as follows:

2009	\$	79,488
2010		84,453
2011		89,727
2012		94,386
2013		101,225
Thereafter		<u>5,243,063</u>
Total	\$	<u>5,692,342</u>

Future minimum interest payments on long-term debt over the next five years ending December 31 and thereafter are as follows:

<u>Years Ending December 31</u>		<u>Amount</u>
2009	\$	343,503
2010		338,539
2011		333,265
2012		328,606
2013		321,767
Thereafter		<u>700,064</u>
Total	\$	<u>2,365,744</u>

### Note 10 - Subsequent Event

Subsequent to year end, the Authority was awarded grant funds in the amount of \$6,437,159 under the American Recovery and Reinvestment Act of 2009. The funds were awarded for the purpose of assisting the Authority in carrying out capital and management activities at public housing developments.

## **Supplemental Information**

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**LUCAS METROPOLITAN HOUSING AUTHORITY  
HUD FINANCIAL DATA SCHEDULE - DECEMBER 31, 2008**

Line Item No.	Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
<b>Balance Sheet</b>							
111	Cash-unrestricted	\$ 3,600,000	\$ 1,058,240	\$ 1,557,911	\$ 6,216,151		\$ 6,216,151
112	Cash-restricted-modernization and development	\$ -	\$ -	\$ -	\$ -		\$ -
113	Cash-other restricted	\$ 29,062	\$ 3,371,783	\$ -	\$ 3,400,845		\$ 3,400,845
114	Cash-tenant security deposits	\$ 285,802	\$ 52,165	\$ -	\$ 337,967		\$ 337,967
115	Cash - Restricted for payment of current liability	\$ -	\$ 124,632	\$ -	\$ 124,632		\$ 124,632
100	<b>Total Cash</b>	<b>\$ 3,914,864</b>	<b>\$ 4,606,820</b>	<b>\$ 1,557,911</b>	<b>\$ 10,079,595</b>	<b>\$ -</b>	<b>\$ 10,079,595</b>
121	Accounts receivable - PHA projects	\$ -	\$ -	\$ -	\$ -		\$ -
122-010	Accounts receivable - HUD other projects - Operating Subsidy	\$ -	\$ -	\$ -	\$ -		\$ -
122-020	Accounts receivable - HUD other projects - Capital fund	\$ 1,133,196	\$ -	\$ 6,847	\$ 1,140,043		\$ 1,140,043
122-030	Accounts receivable - HUD other projects - Other	\$ -	\$ -	\$ -	\$ -		\$ -
122	<b>Accounts receivable - HUD other projects</b>	<b>\$ 1,133,196</b>	<b>\$ 695,981</b>	<b>\$ 6,847</b>	<b>\$ 1,836,024</b>		<b>\$ 1,836,024</b>
124	Account receivable - other government	\$ -	\$ 93,143	\$ -	\$ 93,143		\$ 93,143
125-010	Account receivable - miscellaneous - Not For Profit	\$ -	\$ -	\$ -	\$ -		\$ -
125-020	Account receivable - miscellaneous - Partnership	\$ -	\$ -	\$ -	\$ -		\$ -
125-030	Account receivable - miscellaneous - Joint Venture	\$ -	\$ -	\$ -	\$ -		\$ -
125-040	Account receivable - miscellaneous - Tax Credit	\$ -	\$ -	\$ -	\$ -		\$ -
125-050	Account receivable - miscellaneous - Other	\$ -	\$ 121,170	\$ -	\$ 121,170		\$ 121,170
125-060	Other - Comment						
125	<b>Account receivable - miscellaneous</b>	<b>\$ -</b>	<b>\$ 121,170</b>	<b>\$ -</b>	<b>\$ 121,170</b>		<b>\$ 121,170</b>
126	Accounts receivable - tenants	\$ 208,421	\$ -	\$ -	\$ 208,421		\$ 208,421
126.1	Allowance for doubtful accounts - tenants	\$ (121,274)	\$ -	\$ -	\$ (121,274)		\$ (121,274)
126.2	Allowance for doubtful accounts - other	\$ -	\$ -	\$ -	\$ -		\$ -
127	Notes, Loans, & Mortgages Receivable - Current	\$ 24,243	\$ 32,630	\$ -	\$ 56,873		\$ 56,873
128	Fraud recovery	\$ -	\$ 65,135	\$ -	\$ 65,135		\$ 65,135
128.1	Allowance for doubtful accounts - fraud	\$ -	\$ (65,135)	\$ -	\$ (65,135)		\$ (65,135)
129	Accrued interest receivable	\$ -	\$ 46,520	\$ 2,683	\$ 49,202		\$ 49,202
120	<b>Total receivables, net of allowance for doubtful accounts</b>	<b>\$ 1,244,586</b>	<b>\$ 989,444</b>	<b>\$ 9,530</b>	<b>\$ 2,243,560</b>	<b>\$ -</b>	<b>\$ 2,243,560</b>
131	Investments - unrestricted	\$ -	\$ 1,832,149	\$ 500,720	\$ 2,332,869		\$ 2,332,869
132	Investments - restricted	\$ -	\$ 3,047,120	\$ -	\$ 3,047,120		\$ 3,047,120
135	Investments - Restricted for payment of current liability	\$ -	\$ -	\$ -	\$ -		\$ -
142	Prepaid expenses and other assets	\$ 13,716	\$ 257,477	\$ 154,513	\$ 425,706		\$ 425,706
143	Inventories	\$ -	\$ -	\$ 378,244	\$ 378,244		\$ 378,244
143.1	Allowance for obsolete inventories	\$ -	\$ -	\$ -	\$ -		\$ -
144	Inter program - due from	\$ 541,839	\$ 453,973	\$ -	\$ 995,812	-\$995,812	\$ 0
145	Assets held for sale	\$ -	\$ 189,158	\$ -	\$ 189,158		\$ 189,158
150	<b>Total Current Assets</b>	<b>\$ 5,715,005</b>	<b>\$ 11,376,142</b>	<b>\$ 2,600,918</b>	<b>\$ 19,692,065</b>	<b>\$ (995,812)</b>	<b>\$ 18,696,253</b>
161	Land	\$ 6,611,972	\$ 1,122,810	\$ 47,320	\$ 7,782,102		\$ 7,782,102

Line Item No.	Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
<b>Balance Sheet</b>							
162	Buildings	\$ 159,625,089	\$ 6,890,415	\$ 3,987,311	\$ 170,502,815		\$ 170,502,815
163	Furniture, equipment and machinery - dwellings	\$ -	\$ -	\$ -	\$ -		\$ -
164	Furniture, equipment and machinery - administration	\$ 862,339	\$ 163,724	\$ 1,469,380	\$ 2,495,443		\$ 2,495,443
165	Leasehold improvements	\$ -	\$ -	\$ -	\$ -		\$ -
166	Accumulated depreciation	\$(123,608,066)	\$ (745,596)	\$(3,639,308)	\$(127,992,969)		\$(127,992,969)
167	Construction in progress	\$ 3,490,739	\$ -	\$ -	\$ 3,490,739		\$ 3,490,739
168	Infrastructure	\$ -	\$ -	\$ -	\$ -		\$ -
160	<b>Total capital assets, net of accumulated depreciation</b>	<b>\$ 46,982,073</b>	<b>\$ 7,431,353</b>	<b>\$ 1,864,703</b>	<b>\$ 56,278,130</b>	<b>\$ -</b>	<b>\$ 56,278,130</b>
171-010	Notes, Loans, & mortgages receivable - Non-current - Not For Profit	\$ -	\$ 250,000	\$ -	\$ 250,000		\$ 250,000
171-020	Notes, Loans, & mortgages receivable - Non-current - Partnership	\$ -	\$ -	\$ -	\$ -		\$ -
171-030	Notes, Loans, & mortgages receivable - Non-current - Joint Venture	\$ -	\$ -	\$ -	\$ -		\$ -
171-040	Notes, Loans, & mortgages receivable - Non-current - Tax Credit	\$ -	\$ -	\$ -	\$ -		\$ -
171-050	Notes, Loans, & mortgages receivable - Non-current - Other	\$ -	\$ 927,815	\$ -	\$ 927,815		\$ 927,815
171-060	Other - Comment						
171	<b>Notes, Loans, &amp; mortgages receivable – Non-current</b>	<b>\$ -</b>	<b>\$ 1,177,815</b>	<b>\$ -</b>	<b>\$ 1,177,815</b>	<b>-\$250,000</b>	<b>\$ 927,815</b>
172-010	Notes, Loans, & mortgages receivable - Non-current - past due - Not For Profit	\$ -	\$ -	\$ -	\$ -		\$ -
172-020	Notes, Loans, & mortgages receivable - Non-current - Partnership	\$ -	\$ -	\$ -	\$ -		\$ -
172-030	Notes, Loans, & mortgages receivable - Non-current - Joint Venture	\$ -	\$ -	\$ -	\$ -		\$ -
172-040	Notes, Loans, & mortgages receivable - Non-current - Tax Credit	\$ -	\$ -	\$ -	\$ -		\$ -
172-050	Notes, Loans, & mortgages receivable - Non-current - Other	\$ -	\$ -	\$ -	\$ -		\$ -
172-060	Other - Comment						
172	<b>Notes, Loans, &amp; mortgages receivable – Non-current - past due</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ -</b>
173	Grants receivable – Non-current	\$ -	\$ -	\$ -	\$ -		\$ -
174-010	Other assets - Not For Profit	\$ -	\$ -	\$ -	\$ -		\$ -
174-020	Other assets - Partnership	\$ -	\$ -	\$ -	\$ -		\$ -
174-030	Other assets - Joint Venture	\$ -	\$ -	\$ -	\$ -		\$ -
174-040	Other assets - Tax Credit	\$ -	\$ -	\$ -	\$ -		\$ -
174-050	Other assets - Other	\$ -	\$ -	\$ -	\$ -		\$ -
174-060	Other - Comment						
174	<b>Other assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ -</b>
176-010	Investment in Joint venture - Not For Profit	\$ -	\$ -	\$ -	\$ -		\$ -
176-020	Investment in Joint venture - Partnership	\$ -	\$ -	\$ -	\$ -		\$ -
176-030	Investment in Joint venture - Joint Venture	\$ -	\$ -	\$ -	\$ -		\$ -
176-040	Investment in Joint venture - Tax Credit	\$ -	\$ -	\$ -	\$ -		\$ -
176-050	Investment in Joint venture - Other	\$ -	\$ -	\$ -	\$ -		\$ -
176-060	Other - Comment						
176	<b>Investment in joint venture</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ -</b>
180	<b>Total Non-current Assets</b>	<b>\$ 46,982,073</b>	<b>\$ 8,609,169</b>	<b>\$ 1,864,703</b>	<b>\$ 57,455,945</b>	<b>\$ (250,000)</b>	<b>\$ 57,205,945</b>
190	<b>Total Assets</b>	<b>\$ 52,697,078</b>	<b>\$ 19,985,311</b>	<b>\$ 4,465,621</b>	<b>\$ 77,148,010</b>	<b>\$ (1,245,812)</b>	<b>\$ 75,902,198</b>
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -		\$ -
312	Accounts payable <= 90 days	\$ 1,819,366	\$ 203,440	\$ 113,225	\$ 2,136,031		\$ 2,136,031
313	Accounts payable > 90 days past due	\$ -	\$ -	\$ -	\$ -		\$ -

Line Item No.	Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
<b>Balance Sheet</b>							
321	Accrued wage/payroll taxes payable	\$ 102,094	\$ 45,428	\$ 400,994	\$ 548,516		\$ 548,516
322	Accrued compensated absences - current portion	\$ 60,931	\$ 31,752	\$ 107,487	\$ 200,170		\$ 200,170
324	Accrued contingency liability	\$ -	\$ -	\$ -	\$ -		\$ -
325	Accrued interest payable	\$ -	\$ -	\$ -	\$ -		\$ -
331-010	Accounts payable - HUD PHA Programs - Operating Subsidy	\$ -	\$ -	\$ -	\$ -		\$ -
331-020	Accounts payable - HUD PHA Programs - Capital fund	\$ -	\$ -	\$ -	\$ -		\$ -
331-030	Accounts payable - HUD PHA Programs - Other	\$ -	\$ -	\$ -	\$ -		\$ -
331	<b>Accounts payable - HUD PHA Programs</b>	\$ -	\$ 76,775	\$ -	\$ 76,775		\$ 76,775
332	Accounts payable - PHA Projects	\$ -	\$ -	\$ -	\$ -		\$ -
333	Accounts payable - other government	\$ -	\$ -	\$ -	\$ -		\$ -
341	Tenant security deposits	\$ 283,630	\$ 48,582	\$ -	\$ 332,212		\$ 332,212
342-010	Deferred revenue - Operating Subsidy	\$ -	\$ -	\$ -	\$ -		\$ -
342-020	Deferred revenue - Capital fund	\$ 83,930	\$ -	\$ -	\$ 83,930		\$ 83,930
342-030	Deferred revenue - Other	\$ -	\$ -	\$ -	\$ -		\$ -
342	<b>Deferred revenue</b>	\$ 83,930	\$ 84,371	\$ -	\$ 168,301		\$ 168,301
343-010	CFFP	\$ -	\$ -	\$ -	\$ -		\$ -
343-020	Capital Projects/ Mortgage Revenue	\$ -	\$ -	\$ -	\$ -		\$ -
343	<b>Current portion of long-term debt - capital projects/mortgage revenue bonds</b>	\$ -	\$ -	\$ -	\$ -		\$ -
344	Current portion of long-term debt - operating borrowings	\$ -	\$ -	\$ -	\$ -		\$ -
345	Other current liabilities	\$ 78,473	\$ -	\$ 2,866	\$ 81,339		\$ 81,339
346	Accrued liabilities - other	\$ -	\$ 212,383	\$ 135,305	\$ 347,688		\$ 347,688
347	Inter program - due to	\$ -	\$ 759,370	\$ 236,442	\$ 995,812	-\$995,812	\$ -
348-010	Loan liability - current - Not For Profit	\$ -	\$ -	\$ -	\$ -		\$ -
348-020	Loan liability - current - Partnership	\$ -	\$ -	\$ -	\$ -		\$ -
348-030	Loan liability - current - Joint Venture	\$ -	\$ -	\$ -	\$ -		\$ -
348-040	Loan liability - current - Tax Credit	\$ -	\$ -	\$ -	\$ -		\$ -
348-050	Loan liability - current - Other	\$ -	\$ -	\$ -	\$ -		\$ -
348-060	Other - Comment						
348	<b>Loan liability - current</b>	\$ -	\$ 79,488	\$ -	\$ 79,488		\$ 79,488
310	<b>Total Current Liabilities</b>	\$ 2,428,424	\$ 1,541,588	\$ 996,320	\$ 4,966,331	\$ (995,812)	\$ 3,970,519
351-010	Long-term debt - CFFP	\$ -	\$ -	\$ -	\$ -		\$ -
351-020	Long-term - Capital Projects/ Mortgage Revenue	\$ -	\$ -	\$ -	\$ -		\$ -
351	<b>Capital Projects/ Mortgage Revenue Bonds</b>	\$ -	\$ -	\$ -	\$ -		\$ -
352	Long-term debt, net of current - operating borrowings	\$ -	\$ -	\$ -	\$ -		\$ -
353	Non-current liabilities - other	\$ 32,314	\$ 482,757	\$ -	\$ 515,071	-\$250,000	\$ 265,071
354	Accrued compensated absences- Non-current	\$ 345,281	\$ 179,928	\$ 609,095	\$ 1,134,304		\$ 1,134,304
355-010	Loan liability - Non-current - Not For Profit	\$ -	\$ -	\$ -	\$ -		\$ -
355-020	Loan liability - Non-current - Partnership	\$ -	\$ -	\$ -	\$ -		\$ -
355-030	Loan liability - Non-current - Joint Venture	\$ -	\$ -	\$ -	\$ -		\$ -
355-040	Loan liability - Non-current - Tax Credit	\$ -	\$ -	\$ -	\$ -		\$ -
355-050	Loan liability - Non-current - Other	\$ -	\$ -	\$ -	\$ -		\$ -
355-060	Other - Comment						
355	<b>Loan liability - Non-current</b>	\$ -	\$ 5,612,854	\$ -	\$ 5,612,854		\$ 5,612,854
356	FASB 5 Liabilities	\$ -	\$ -	\$ -	\$ -		\$ -

Line Item No.	Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
<b>Balance Sheet</b>							
357	Accrued Pension and OPEB Liability	\$ -	\$ -	\$ -	\$ -		\$ -
350	<b>Total Non-current liabilities</b>	\$ 377,595	\$ 6,275,539	\$ 609,095	\$ 7,262,229	\$ (250,000)	\$ 7,012,229
300	<b>Total Liabilities</b>	\$ 2,806,019	\$ 7,817,127	\$ 1,605,415	\$ 12,228,561	\$ (1,245,812)	\$ 10,982,749
508.1	Invested in capital assets, net of related debt	\$ 46,982,073	\$ 1,928,169	\$ 1,864,703	\$ 50,774,945		\$ 50,774,945
511.1	Restricted Net Assets	\$ 29,062	\$ 6,034,076	\$ -	\$ 6,063,138		\$ 6,063,138
512.1	Unrestricted Net Assets	\$ 2,879,924	\$ 4,205,939	\$ 995,502	\$ 8,081,366		\$ 8,081,366
513	<b>Total Equity/Net Assets</b>	\$ 49,891,059	\$ 12,168,184	\$ 2,860,206	\$ 64,919,449	\$ -	\$ 64,919,449
600	<b>Total Liabilities and Equity/Net assets</b>	\$ 52,697,078	\$ 19,985,311	\$ 4,465,621	\$ 77,148,010	\$ (1,245,812)	\$ 75,902,198
<b>Income Statement</b>							
70300	Net tenant rental revenue	\$ 4,260,081	\$ 1,141,763	\$ -	\$ 5,401,844		\$ 5,401,844
70400	Tenant revenue - other	\$ 379,044	\$ 65,948	\$ -	\$ 444,992		\$ 444,992
70500	<b>Total Tenant Revenue</b>	\$ 4,639,125	\$ 1,207,711	\$ -	\$ 5,846,837	\$ -	\$ 5,846,837
70600-010	Housing assistance payments	\$ -	\$ 18,593,021	\$ -	\$ 18,593,021		\$ 18,593,021
70600-020	Ongoing administrative fees earned	\$ -	\$ 2,037,125	\$ -	\$ 2,037,125		\$ 2,037,125
70600-030	Hard to house fee revenue	\$ -	\$ -	\$ -	\$ -		\$ -
70600-031	FSS Coordinator	\$ -	\$ 173,954	\$ -	\$ 173,954		\$ 173,954
70600-040	Actual independent public accountant audit costs	\$ -	\$ -	\$ -	\$ -		\$ -
70600-050	Total preliminary fees earned	\$ -	\$ -	\$ -	\$ -		\$ -
70600-060	All other fees	\$ -	\$ -	\$ -	\$ -		\$ -
70600-070	Admin fee calculation description	\$ -	\$ -	\$ -	\$ -		\$ -
70600	<b>HUD PHA operating grants</b>	\$ 12,327,883	\$ 22,121,340	\$ 853,673	\$ 35,302,896		\$ 35,302,896
70610	Capital grants	\$ 5,188,641	\$ -	\$ 203,084	\$ 5,391,725		\$ 5,391,725
70710	Management Fee	\$ -	\$ -	\$ 2,127,570	\$ 2,127,570	-\$2,127,570	\$ (0)
70720	Asset Management Fee	\$ -	\$ -	\$ 370,800	\$ 370,800	-\$370,800	\$ -
70730	Bookkeeping Fee	\$ -	\$ -	\$ 544,959	\$ 544,959	-\$544,959	\$ -
70740	Front Line Service Fee	\$ -	\$ -	\$ 99,662	\$ 99,662	-\$99,662	\$ 0
70750	Other Fees	\$ -	\$ -	\$ 969,755	\$ 969,755	-\$964,259	\$ 5,496
70700	<b>Total Fee Revenue</b>	\$ -	\$ -	\$ 4,112,746	\$ 4,112,746	\$ (4,107,250)	\$ 5,496
70800	Other government grants	\$ -	\$ -	\$ -	\$ -		\$ -
71100-010	Housing Assistance Payment	\$ -	\$ 48,606	\$ -	\$ 48,606		\$ 48,606
71100-020	Administrative Fee	\$ -	\$ 19,981	\$ -	\$ 19,981		\$ 19,981
71100	<b>Investment income - unrestricted</b>	\$ 70,318	\$ 372,041	\$ 60,323	\$ 502,682		\$ 502,682
71200	Mortgage interest income	\$ -	\$ -	\$ -	\$ -		\$ -
71300	Proceeds from disposition of assets held for sale	\$ -	\$ -	\$ -	\$ -		\$ -
71310	Cost of sale of assets	\$ -	\$ -	\$ -	\$ -		\$ -

Line Item No.	Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
<b>Balance Sheet</b>							
71400-010	Housing Assistance Payment	\$ -	\$ -	\$ -	\$ -		\$ -
71400-020	Administrative Fee	\$ -	\$ 10,441	\$ -	\$ 10,441		\$ 10,441
71400	<b>Fraud recovery</b>	\$ -	\$ 10,441	\$ -	\$ 10,441		\$ 10,441
71500	Other revenue	\$ 47,910	\$ 836,616	\$ 5,594	\$ 890,120		\$ 890,120
71600	Gain or loss on sale of capital assets	\$ -	\$ (15,927)	\$ 3,900	\$ (12,027)		\$ (12,027)
72000-010	Housing Assistance Payment	\$ -	\$ -	\$ -	\$ -		\$ -
72000-020	Administrative Fee	\$ -	\$ -	\$ -	\$ -		\$ -
72000	<b>Investment income - restricted</b>	\$ -	\$ -	\$ -	\$ -		\$ -
70000	<b>Total Revenue</b>	\$ 22,273,877	\$ 24,532,223	\$ 5,239,320	\$ 52,045,420	\$ (4,107,250)	\$ 47,938,170
91100	Administrative salaries	\$ 836,106	\$ 1,283,299	\$ 2,290,540	\$ 4,409,945		\$ 4,409,945
91200	Auditing fees	\$ 36,703	\$ 11,931	\$ 10,350	\$ 58,984		\$ 58,984
91300	Management Fee	\$ 1,650,738	\$ 476,832	\$ -	\$ 2,127,570	-\$2,127,570	\$ (0)
91310	Bookkeeping Fee	\$ 268,035	\$ 283,574	\$ -	\$ 551,609	-\$544,959	\$ 6,650
91400	Advertising and Marketing	\$ 3,825	\$ 8,973	\$ 22,339	\$ 35,137		\$ 35,137
91500	Employee benefit contributions - administrative	\$ 451,481	\$ 512,948	\$ 621,394	\$ 1,585,823		\$ 1,585,823
91600	Office Expenses	\$ 181,402	\$ 23,389	\$ 204,109	\$ 408,900		\$ 408,900
91700	Legal Expense	\$ 38,880	\$ 2,400	\$ 5,681	\$ 46,961	-\$38,220	\$ 8,741
91800	Travel	\$ 28,085	\$ 3,391	\$ 26,892	\$ 58,368		\$ 58,368
91810	Allocated Overhead	\$ -	\$ -	\$ -	\$ -		\$ -
91900	Other	\$ 514,665	\$ 544,629	\$ 468,258	\$ 1,527,552	-\$62,400	\$ 1,465,152
91000	<b>Total Operating-Administrative</b>	\$ 4,009,921	\$ 3,151,365	\$ 3,649,563	\$ 10,810,849	\$ (2,773,149)	\$ 8,037,700
92000	Asset Management Fee	\$ 370,800	\$ -	\$ -	\$ 370,800	-\$370,800	\$ -
92100	Tenant services - salaries	\$ -	\$ -	\$ -	\$ -		\$ -
92200	Relocation Costs	\$ 39,898	\$ -	\$ 214	\$ 40,112		\$ 40,112
92300	Employee benefit contributions - tenant services	\$ -	\$ -	\$ -	\$ -		\$ -
92400	Tenant services - other	\$ 536,084	\$ 257,805	\$ -	\$ 793,889		\$ 793,889
92500	<b>Total Tenant Services</b>	\$ 575,982	\$ 257,805	\$ 214	\$ 834,001	\$ -	\$ 834,001
93100	Water	\$ 1,250,247	\$ 37,188	\$ 1,278	\$ 1,288,713		\$ 1,288,713
93200	Electricity	\$ 1,670,710	\$ 50,909	\$ 95,457	\$ 1,817,076		\$ 1,817,076
93300	Gas	\$ 2,226,839	\$ 13,340	\$ 51,750	\$ 2,291,929		\$ 2,291,929
93400	Fuel	\$ -	\$ -	\$ -	\$ -		\$ -
93500	Labor	\$ -	\$ -	\$ -	\$ -		\$ -
93600	Sewer	\$ -	\$ -	\$ -	\$ -		\$ -
93700	Employee benefit contributions - utilities	\$ -	\$ -	\$ -	\$ -		\$ -
93800	Other utilities expense	\$ -	\$ -	\$ -	\$ -		\$ -
93000	<b>Total Utilities</b>	\$ 5,147,796	\$ 101,437	\$ 148,485	\$ 5,397,718	\$ -	\$ 5,397,718
94100	Ordinary maintenance and operations - labor	\$ 1,761,461	\$ 24,926	\$ 433,769	\$ 2,220,156	-\$34,124	\$ 2,186,032
94200	Ordinary maintenance and operations - materials and other	\$ 1,067,380	\$ 41,790	\$ 202,960	\$ 1,312,130		\$ 1,312,130
94300-010	Ordinary Maintenance and Operations Contracts - Garbage and Trash Removal Contracts	\$ 211,202	\$ 6,181	\$ 5,681	\$ 223,063		\$ 223,063
94300-020	Ordinary Maintenance and Operations Contracts - Heating & Cooling Contracts	\$ 880,113	\$ 1,116	\$ 35,772	\$ 917,001		\$ 917,001

Line Item No.	Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
<b>Balance Sheet</b>							
94300-030	Ordinary Maintenance and Operations Contracts - Snow Removal Contracts	\$ 31,510	\$ 2,821	\$ 2,358	\$ 36,689		\$ 36,689
94300-040	Ordinary Maintenance and Operations Contracts - Elevator Maintenance Contracts	\$ 19,771	\$ -	\$ 8,071	\$ 27,842		\$ 27,842
94300-050	Ordinary Maintenance and Operations Contracts - Landscape & Grounds Contracts	\$ 163,874	\$ 8,882	\$ -	\$ 172,756		\$ 172,756
94300-060	Ordinary Maintenance and Operations Contracts - Unit Turnaround Contracts	\$ 4,195	\$ -	\$ -	\$ 4,195		\$ 4,195
94300-070	Ordinary Maintenance and Operations Contracts - Electrical Contracts	\$ 697	\$ -	\$ -	\$ 697		\$ 697
94300-080	Ordinary Maintenance and Operations Contracts - Plumbing Contracts	\$ 80,665	\$ 582	\$ -	\$ 81,247		\$ 81,247
94300-090	Ordinary Maintenance and Operations Contracts - Extermination Contracts	\$ 30,813	\$ 491	\$ -	\$ 31,304		\$ 31,304
94300-100	Ordinary Maintenance and Operations Contracts - Janitorial Contracts	\$ 67,583	\$ 3,280	\$ 25,165	\$ 96,028		\$ 96,028
94300-110	Ordinary Maintenance and Operations Contracts - Routine Maintenance Contracts	\$ -	\$ (1,210)	\$ -	\$ (1,210)		\$ (1,210)
94300-120	Ordinary Maintenance and Operations Contracts - Misc Contracts	\$ 512,976	\$ 100,699	\$ 116,974	\$ 730,649		\$ 730,649
94300	<b>Ordinary Maintenance and Operations Contracts</b>	<b>\$ 2,003,398</b>	<b>\$ 122,841</b>	<b>\$ 194,021</b>	<b>\$ 2,320,260</b>	<b>-\$929,177</b>	<b>\$ 1,391,083</b>
94500	Employee benefit contribution - ordinary maintenance	\$ 537,554	\$ 15,307	\$ 160,757	\$ 713,618		\$ 713,618
94000	<b>Total Maintenance</b>	<b>\$ 5,369,793</b>	<b>\$ 204,864</b>	<b>\$ 991,508</b>	<b>\$ 6,566,165</b>	<b>\$ (963,301)</b>	<b>\$ 5,602,864</b>
95100	Protective services - labor	\$ -	\$ -	\$ -	\$ -		\$ -
95200	Protective services - other contract costs	\$ 308,430	\$ 1,544	\$ 3,107	\$ 313,081		\$ 313,081
95300	Protective services - other	\$ -	\$ 3,026	\$ -	\$ 3,026		\$ 3,026
95500	Employee benefit contributions - protective services	\$ -	\$ -	\$ -	\$ -		\$ -
95000	<b>Total Protective Services</b>	<b>\$ 308,430</b>	<b>\$ 4,570</b>	<b>\$ 3,107</b>	<b>\$ 316,107</b>	<b>\$ -</b>	<b>\$ 316,107</b>
96110	Property Insurance	\$ 311,164	\$ 34,544	\$ 2,417	\$ 348,125		\$ 348,125
96120	Liability Insurance	\$ 189,008	\$ 30,172	\$ -	\$ 219,180		\$ 219,180
96130	Workmen's Compensation	\$ -	\$ -	\$ -	\$ -		\$ -
96140	All other Insurance	\$ 35,855	\$ 3,383	\$ 30,608	\$ 69,845		\$ 69,845
96100	<b>Total Insurance Premiums</b>	<b>\$ 536,026</b>	<b>\$ 68,099</b>	<b>\$ 33,025</b>	<b>\$ 637,150</b>	<b>\$ -</b>	<b>\$ 637,150</b>
96200	Other general expenses	\$ 159,643	\$ 334,471	\$ 6,684	\$ 500,798		\$ 500,798
96210	Compensated absences	\$ 24,695	\$ 2,133	\$ 39,651	\$ 66,478		\$ 66,478
96300	Payments in lieu of taxes	\$ -	\$ -	\$ -	\$ -		\$ -
96400	Bad debt - tenant rents	\$ 299,499	\$ -	\$ -	\$ 299,499		\$ 299,499
96500	Bad debt - mortgages	\$ -	\$ -	\$ -	\$ -		\$ -
96600	Bad debt - other	\$ -	\$ -	\$ -	\$ -		\$ -
96800	Severance expense	\$ -	\$ -	\$ -	\$ -		\$ -
96000	<b>Total Other General Expenses</b>	<b>\$ 483,837</b>	<b>\$ 336,604</b>	<b>\$ 46,335</b>	<b>\$ 866,776</b>	<b>\$ -</b>	<b>\$ 866,776</b>
96710	Interest of Mortgage (or Bonds) Payable	\$ -	\$ -	\$ -	\$ -		\$ -
96720	Interest on Notes Payable (Short and Long Term)	\$ -	\$ 349,119	\$ -	\$ 349,119		\$ 349,119
96730	Amortization of Bond Issue Costs	\$ -	\$ -	\$ -	\$ -		\$ -
96700	<b>Total Interest Expense and Amortization Cost</b>	<b>\$ -</b>	<b>\$ 349,119</b>	<b>\$ -</b>	<b>\$ 349,119</b>	<b>\$ -</b>	<b>\$ 349,119</b>
96900	<b>Total Operating Expenses</b>	<b>\$ 16,802,586</b>	<b>\$ 4,473,862</b>	<b>\$ 4,872,236</b>	<b>\$ 26,148,684</b>	<b>\$ (4,107,250)</b>	<b>\$ 22,041,434</b>
97000	<b>Excess Revenue Over Operating Expenses</b>	<b>\$ 5,471,291</b>	<b>\$ 20,058,360</b>	<b>\$ 367,085</b>	<b>\$ 25,896,736</b>	<b>\$ -</b>	<b>\$ 25,896,736</b>
97100	Extraordinary maintenance	\$ 460,659	\$ 8,467	\$ 12,676	\$ 481,802		\$ 481,802

Line Item No.	Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
<b>Balance Sheet</b>							
97200	Casualty losses- Non-capitalized	\$ 13,779	\$ 2,200	\$ -	\$ 15,979		\$ 15,979
97300-010	Mainstream 1 & 5 year	\$ -	\$ -	\$ -	\$ -		\$ -
97300-020	Home-Ownership	\$ -	\$ -	\$ -	\$ -		\$ -
97300-025	Litigation	\$ -	\$ -	\$ -	\$ -		\$ -
97300-030	Hope IV	\$ -	\$ -	\$ -	\$ -		\$ -
97300-035	Moving to Work	\$ -	\$ -	\$ -	\$ -		\$ -
97300-040	Tenant Protection	\$ -	\$ -	\$ -	\$ -		\$ -
97300-050	All Other	\$ -	\$ 19,232,506	\$ -	\$ 19,232,506		\$ 19,232,506
97300	<b>Housing assistance payments</b>	\$ -	\$ 20,095,541	\$ -	\$ 20,095,541		\$ 20,095,541
97350	<b>HAP Portability-in</b>	\$ -	\$ -	\$ -	\$ -		\$ -
97400	Depreciation expense	\$ 6,020,438	\$ 281,473	\$ 329,853	\$ 6,631,764		\$ 6,631,764
97500	Fraud losses	\$ -	\$ -	\$ -	\$ -		\$ -
97800	Dwelling units rent expense	\$ -	\$ -	\$ -	\$ -		\$ -
90000	<b>Total Expenses</b>	\$ 23,297,462	\$ 24,861,543	\$ 5,214,764	\$ 53,373,770	\$ (4,107,250)	\$ 49,266,520
10010	Operating transfer in	\$ 750,000	\$ -	\$ -	\$ 750,000		\$ 750,000
10020	Operating transfer out	\$ (750,000)	\$ -	\$ -	\$ (750,000)		\$ (750,000)
10030-010	Not For Profit	\$ -	\$ -	\$ -	\$ -		\$ -
10030-020	Partnership	\$ -	\$ -	\$ -	\$ -		\$ -
10030-030	Joint Venture	\$ -	\$ -	\$ -	\$ -		\$ -
10030-040	Tax Credit	\$ -	\$ -	\$ -	\$ -		\$ -
10030-050	Other	\$ -	\$ -	\$ -	\$ -		\$ -
10030-060	Other - Comment						
10030	<b>Operating transfers from / to primary government</b>	\$ -	\$ -	\$ -	\$ -		\$ -
10040	Operating transfers from / to component unit	\$ -	\$ -	\$ -	\$ -		\$ -
10070	Extraordinary items, net gain/loss	\$ -	\$ -	\$ -	\$ -		\$ -
10080	Special items, net gain/loss	\$ -	\$ -	\$ -	\$ -		\$ -
10091	Inter Project Excess Cash Transfer In	\$ -	\$ -	\$ -	\$ -		\$ -
10092	Inter Project Excess Cash Transfer Out	\$ -	\$ -	\$ -	\$ -		\$ -
10093	Transfers between Programs and Projects - in	\$ -	\$ -	\$ -	\$ -		\$ -
10094	Transfers between Programs and Projects - out	\$ -	\$ -	\$ -	\$ -		\$ -
10100	<b>Total other financing sources (uses)</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10000	<b>Excess (Deficiency) of Revenue Over (Under) Expenses</b>	\$ (1,023,586)	\$ (329,320)	\$ 24,556	\$ (1,328,351)	\$ -	\$ (1,328,351)
11020	Required Annual Debt Principal Payments	\$ -	\$ -	\$ -	\$ -		\$ -
11030	Beginning equity	\$ 53,594,168	\$ 11,961,166	\$ 156,127	\$ 65,711,461		\$ 65,711,461
11040-010	Prior period adjustments and correction of errors - Editable	\$ -	\$ (429,070)	\$ -	\$ (429,070)		\$ (429,070)
11040-020	Prior period adjustments and correction of errors - Editable	\$ -	\$ (107,268)	\$ -	\$ (107,268)		\$ (107,268)
11040-030	Prior period adjustments and correction of errors - Editable	\$ -	\$ -	\$ -	\$ -		\$ -
11040-040	Prior period adjustments and correction of errors - Editable	\$ -	\$ -	\$ -	\$ -		\$ -
11040-050	Prior period adjustments and correction of errors - Editable	\$ -	\$ -	\$ -	\$ -		\$ -
11040-060	Prior period adjustments and correction of errors - Editable	\$ -	\$ -	\$ -	\$ -		\$ -

Line Item No.	Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
<b>Balance Sheet</b>							
11040-070	Equity Transfers	\$ 2,679,523	\$ -	\$(2,679,523)	\$ -		\$ -
11040-080	Equity Transfers	\$ -	\$ -	\$ -	\$ -		\$ -
11040-090	Equity Transfers	\$ -	\$ -	\$ -	\$ -		\$ -
11040-100	Equity Transfers	\$ -	\$ -	\$ -	\$ -		\$ -
11040-110	Equity Transfers	\$ -	\$ -	\$ -	\$ -		\$ -
11040	<b>Prior period adjustments, equity transfers, and correction of errors</b>	\$ 2,679,523	\$ (536,338)	\$(2,679,523)	\$(536,338)		\$(536,338)
11170-001	Administrative Fee Equity- Beginning Balance	\$ -	\$ 618,710	\$ -	\$ 618,710		\$ 618,710
11170-010	Administrative Fee Revenue	\$ -	\$ 2,037,125	\$ -	\$ 2,037,125		\$ 2,037,125
11170-020	Hard to House Fee Revenue	\$ -	\$ -	\$ -	\$ -		\$ -
11170-021	FSS Coordinator Grant	\$ -	\$ 173,954	\$ -	\$ 173,954		\$ 173,954
11170-030	Audit Costs	\$ -	\$ -	\$ -	\$ -		\$ -
11170-040	Investment Income	\$ -	\$ 19,981	\$ -	\$ 19,981		\$ 19,981
11170-045	Fraud Recovery Revenue	\$ -	\$ 10,441	\$ -	\$ 10,441		\$ 10,441
11170-050	Other Revenue	\$ -	\$ 194,939	\$ -	\$ 194,939		\$ 194,939
11170-051	Comment for Other Revenue						
11170-060	Total Admin Fee Revenues	\$ -	\$ 2,436,440	\$ -	\$ 2,436,440		\$ 2,436,440
11170-080	Total Operating Expenses	\$ -	\$ 2,460,908	\$ -	\$ 2,460,908		\$ 2,460,908
11170-090	Depreciation	\$ -	\$ 8,072	\$ -	\$ 8,072		\$ 8,072
11170-095	Housing Assistance Portability In	\$ -	\$ -	\$ -	\$ -		\$ -
11170-100	Other Expenses	\$ -	\$ -	\$ -	\$ -		\$ -
11170-101	Comment for Other Expense						
11170-110	Total Expenses	\$ -	\$ 2,468,980	\$ -	\$ 2,468,980		\$ 2,468,980
11170-002	Net Administrative Fee	\$ -	\$(32,540)	\$ -	\$(32,540)		\$(32,540)
11170-003	Administrative Fee Equity- Ending Balance	\$ -	\$ 586,170	\$ -	\$ 586,170		\$ 586,170
11170	<b>Administrative Fee Equity</b>	\$ -	\$ 586,170	\$ -	\$ 586,170		\$ 586,170
11180-001	Housing Assistance Payments Equity - Beginning Balance	\$ -	\$ 2,972,860	\$ -	\$ 2,972,860		\$ 2,972,860
11180-010	Housing Assistance Payment Revenues	\$ -	\$ 18,593,021	\$ -	\$ 18,593,021		\$ 18,593,021
11180-015	Fraud Recovery Revenue	\$ -	\$ -	\$ -	\$ -		\$ -
11180-020	Other Revenue	\$ -	\$ 429,070	\$ -	\$ 429,070		\$ 429,070
11180-021	Comment for Other Revenue						
11180-025	Investment Income	\$ -	\$ 48,606	\$ -	\$ 48,606		\$ 48,606
11180-030	Total HAP Revenues	\$ -	\$ 19,070,697	\$ -	\$ 19,070,697		\$ 19,070,697
11180-080	Housing Assistance Payments	\$ -	\$ 19,232,506	\$ -	\$ 19,232,506		\$ 19,232,506
11180-090	Other Expenses	\$ -	\$ 882,837	\$ -	\$ 882,837		\$ 882,837
11180-091	Comments for Other Expenses						
11180-100	Total Housing Assistance Payments Expenses	\$ -	\$ 20,115,343	\$ -	\$ 20,115,343		\$ 20,115,343
11180-002	Net Housing Assistance Payments	\$ -	\$(1,044,646)	\$ -	\$(1,044,646)		\$(1,044,646)
11180-003	Housing Assistance Payments Equity-Ending Balance	\$ -	\$ 1,928,214	\$ -	\$ 1,928,214		\$ 1,928,214
11180	<b>Housing Assistance Payments Equity</b>	\$ -	\$ 1,928,214	\$ -	\$ 1,928,214		\$ 1,928,214
11190-210	Total ACC HCV Units	0	44400	0	44400		44400
11190-220	Unfunded Units	0	0	0	0		0
11190-230	Other Adjustments	0	0	0	0		0

Line Item No.	Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
<b>Balance Sheet</b>							
11190	Unit Months Available	35825	48986	0	84811		84811
11210	Unit Months Leased	34527	48701	0	83228		83228
11270	Excess Cash	\$ 3,243,803	\$ -	\$ -	\$ 3,243,803		\$ 3,243,803
11610	Land Purchases	\$ -	\$ -	\$ -	\$ -		\$ -
11620	Building Purchases	\$ 5,188,641	\$ -	\$ 170,164	\$ 5,358,805		\$ 5,358,805
11630	Furniture & Equipment-Dwelling Purchases	\$ -	\$ -	\$ -	\$ -		\$ -
11640	Furniture & Equipment-Administrative Purchases	\$ -	\$ -	\$ 32,921	\$ 32,921		\$ 32,921
11650	Leasehold Improvements Purchases	\$ -	\$ -	\$ -	\$ -		\$ -
11660	Infrastructure Purchases	\$ -	\$ -	\$ -	\$ -		\$ -
13510	CFFP Debt Service Payments	\$ -	\$ -	\$ -	\$ -		\$ -
13901	Replacement Housing Factor Funds	\$ -	\$ -	\$ -	\$ -		\$ -

# Lucas Metropolitan Housing Authority

## Schedule of Units Under Management

LMHA had the following units under management at December 31, 2008 (in units):

LMHA-owned housing - OH00600106	3,100
Moderate rehabilitation - OH006-MR-004	47
Voucher - OH006-V0 - Mainstream HCV	<u>3,765</u>
Total	<u><u>6,912</u></u>
Non-HUD units under management - Westridge Apartments	<u><u>190</u></u>

**Actual Comprehensive Grant  
Cost Certificate**  
Comprehensive Grant Program (CGP)

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

OMB Approval No. 2577-0157  
(Exp. 11/30/2008)

PHA/IHA Name  <b>Lucas Metropolitan Housing Authority</b>	Comprehensive Grant Number <b>OH12P006501-05</b>
	FFY of Grant Approval <b>2005</b>

The PHA/IHA 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 Comprehensive Grant, is as shown below:

A. Original Funds Approved	\$ 5,400,036.00
B. Revised Funds Approved	\$ 5,400,036.00
C. Funds Advanced	\$ 5,400,036.00
D. Funds Expended (Actual Modernization Cost)	\$ 5,400,036.00
E. Amount to be Recaptured (A-D)	\$ -0-
F. Excess of Funds Advanced (C-D)	\$ -0-

- That all modernization work in connection with the Comprehensive Grant has been completed;
- That the entire Actual Modernization Cost or liabilities therefor incurred by the PHA have been fully paid;
- 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
- 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 <i>Linnie B. Willis</i> <b>Linnie B. Willis, Executive Director</b>	Date <b>02/27/2009</b>
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**For HUD Use Only**

The Cost Certificate is approved for audit.

Approved for Audit (Director, Public Housing Division) <i>K. G. Paly for S. Sweet</i>	Date <b>3/27/09</b>
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The audited costs agree with the costs shown above.

Verified (Director, Public Housing Division)	Date
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Approved (Field Office Manager)	Date
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**Annual Statement /Performance and Evaluation Report  
Capital Fund Program and Capital Fund Program Replacement Housing Factor (CFP/CFPRHF) Part I: Summary**

PHA Name:  <p style="text-align: center;"><b>Lucas Metropolitan Housing Authority</b></p>	Grant Type and Number Capital Fund Program Grant No. <span style="float: right;">OH12P00650105</span> Replacement Housing Factor Grant No:	Federal FY of Grant:  <p style="text-align: center;">2005</p>
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<input type="checkbox"/> Original Annual Statement	<input type="checkbox"/> Reserve for Disasters/Emergencies	<input checked="" type="checkbox"/> Revised Annual Statement (revision no:1)
<input type="checkbox"/> Performance and Evaluation Report for Period Ending:Dec 2007	December, 2008	<input checked="" type="checkbox"/> Final Performance and Evaluation Report

Line No.	Summary by Development Account	Total Estimated Cost		Total Actual Cost	
		Original	Revised	Obligated	Expended
1	Total Non-CFP Funds				
2	1406 Operations	\$868,500.00	\$868,500.00	\$868,500.00	\$868,500.00
3	1408 Management Improvements	\$75,000.00	\$81,917.21	\$81,917.21	\$81,917.21
4	1410 Administration	\$540,000.00	\$540,000.00	\$540,000.00	\$540,000.00
5	1411 Audit	\$0.00	\$0.00	\$0.00	\$0.00
6	1415 Liquidated Damages	\$0.00	\$0.00	\$0.00	\$0.00
7	1430 Fees and Costs	\$186,000.00	\$186,952.44	\$186,952.44	\$186,952.44
8	1440 Site Acquisition	\$0.00	\$0.00	\$0.00	\$0.00
9	1450 Site Improvement	\$221,000.00	\$398,462.30	\$398,462.30	\$398,462.30
10	1460 Dwelling Structures	\$3,244,036.00	\$3,026,460.63	\$3,026,460.63	\$3,026,460.63
11	1465.1 Dwelling Equipment-Nonexpendable	\$175,000.00	\$155,000.00	\$155,000.00	\$155,000.00
12	1470 Nondwelling Structures	\$65,500.00	\$132,761.42	\$132,761.42	\$132,761.42
13	1475 Nondwelling Equipment	\$0.00	\$0.00	\$0.00	\$0.00
14	1485 Demolition	\$0.00	\$0.00	\$0.00	\$0.00
15	1490 Replacement Reserve	\$0.00	\$0.00	\$0.00	\$0.00
16	1492 Moving to Work Demonstration	\$0.00	\$0.00	\$0.00	\$0.00
17	1495.1 Relocation Cost	\$25,000.00	\$9,982.00	\$9,982.00	\$9,982.00
18	1499 Development Activities	\$0.00	\$0.00	\$0.00	\$0.00
19	1501 Collateralization or Debt Service	\$0.00	\$0.00	\$0.00	\$0.00
20	1502 Contingency	\$0.00	\$0.00	\$0.00	\$0.00
21	<b>Amount of Annual Grant: (sum of lines 2-20)</b>	<b>\$5,400,036.00</b>	<b>\$5,400,036.00</b>	<b>\$5,400,036.00</b>	<b>\$5,400,036.00</b>
22	Amount of line 21 Related to LBP Activities	\$25,000.00	\$0.00	\$0.00	\$0.00
23	Amount of line 21 Related to Section 504 Compliance	\$150,000.00	\$0.00	\$0.00	\$0.00
24	Amount of line 21 Related to Security – Soft Costs	\$800,000.00	\$0.00	\$0.00	\$0.00
25	Amount of line 21 Related to Security – Hard Costs	\$125,000.00	\$0.00	\$0.00	\$0.00
26	Amount of line 21 Related to Energy Conservation Measures	\$1,150,000.00	\$0.00	\$0.00	\$0.00

Signature of Executive Director and Date <input checked="" type="checkbox"/>	Signature of Public Housing Director or Office of Native American Programs Administrator <input checked="" type="checkbox"/>	<div style="font-size: 2em; font-weight: bold; border: 2px solid black; padding: 5px; display: inline-block;">APPROVED</div> <div style="margin-left: 20px; font-family: cursive;"> <i>[Signature]</i> 3/27/09         </div>
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1 To be completed for the Performance & Evaluation Report or a Revised A  
 2 To be completed for the Performance & Evaluation Report  
**Confidential**

**Actual Comprehensive Grant  
Cost Certificate**  
Comprehensive Grant Program (CGP)

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

OMB Approval No. 2577-0157  
(Exp. 09/30/2005)

PHA/IHA Name  <b>Lucas Metropolitan Housing Authority</b>	Comprehensive Grant Number <b>OHR006501-02</b>
	FFY of Grant Approval <b>2002</b>

The PHA/IHA 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 Comprehensive Grant, is as shown below:

A. Original Funds Approved	\$ <b>131,225.00</b>
B. Revised Funds Approved	\$ <b>131,226.00</b>
C. Funds Advanced	\$ <b>131,226.00</b>
D. Funds Expended (Actual Modernization Cost)	\$ <b>131,226.00</b>
E. Amount to be Recaptured (A-D)	\$ <b>-0-</b>
F. Excess of Funds Advanced (C-D)	\$ <b>-0-</b>

- That all modernization work in connection with the Comprehensive Grant has been completed;
- That the entire Actual Modernization Cost or liabilities therefor incurred by the PHA have been fully paid;
- 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
- 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 <i>Linnie B. Willis</i> <b>Linnie B. Willis, Executive Director</b>	Date <b>02/27/2009</b>
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<b>For HUD Use Only</b>	
The Cost Certificate is approved for audit.	
Approved for Audit (Director, Public Housing Division) <i>[Signature]</i> <b>S. Sweet</b>	Date <b>3/27/09</b>
The audited costs agree with the costs shown above.	
Verified (Director, Public Housing Division)	Date
Approved (Field Office Manager)	Date

# Annual Statement /Performance and Evaluation Report

## Capital Fund Program & Capital Fund Program Replacement Housing Factor (CFP/CFPRHF) Part I: Summary

HA Name <b>Lucas Metropolitan Housing Authority</b>	Replacement Housing Factor Grant No: <b>OH12R006501-02</b>	Federal FY of Grant <b>2002</b>
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Original Annual Statement   
  Reserve for Disaster/Emergencies   
  Revised Annual Statement/Revision Number \_\_\_\_\_  
 Performance and Evaluation Report for Program Year Ending June 30, 2006   
  Final Performance and Evaluation Report 03-05-09

Line No.	Summary by Development Account	Total Estimated Cost		Total Actual Cost (2)	
		Original	Revised (1)	Obligated	Expended
1	Total Non-CGP Funds				
2	1406 Operations (may not exceed 10% of 19)	\$0.00	\$0.00	\$0.00	\$0.00
3	1408 Management Improvements	\$0.00	\$0.00	\$0.00	\$0.00
4	1410 Administration	\$0.00	\$0.00	\$0.00	\$0.00
5	1411 Audit	\$0.00	\$0.00	\$0.00	\$0.00
6	1415 Liquidated Damages	\$0.00	\$0.00	\$0.00	\$0.00
7	1430 Fees and Costs	\$0.00	\$0.00	\$0.00	\$0.00
8	1440 Site Acquisition	\$0.00	\$0.00	\$0.00	\$0.00
9	1450 Site Improvement	\$0.00	\$0.00	\$0.00	\$0.00
10	1460 Dwelling Structures	\$0.00	\$0.00	\$0.00	\$0.00
11	1465.1 Dwelling Equipment-Nonexpendable	\$0.00	\$0.00	\$0.00	\$0.00
12	1470 Nondwelling Structures	\$0.00	\$0.00	\$0.00	\$0.00
13	1475 Nondwelling Equipment	\$0.00	\$0.00	\$0.00	\$0.00
14	1485 Demolition	\$0.00	\$0.00	\$0.00	\$0.00
15	1495.1 Relocation Cost	\$0.00	\$0.00	\$0.00	\$0.00
16	1490 Replacement Reserve	\$0.00	\$0.00	\$0.00	\$0.00
17	1492 Moving to Work Demonstration	\$0.00	\$0.00	\$0.00	\$0.00
18	1499 Mod Used for Development	\$131,266.00	\$131,266.00	\$131,266.00	\$131,266.00
19	1501 Collateralization or Debt Service	\$0.00	\$0.00	\$0.00	\$0.00
20	1502 Contingency (may not exceed 8% of 19)	\$0.00	\$0.00	\$0.00	\$0.00
21	<b>Amount of Annual Grant (Sum of lines 2-19)</b>	<b>\$131,266.00</b>	<b>\$131,266.00</b>	<b>\$131,266.00</b>	<b>\$131,226.00</b>
22	Amount of line 21 Related to LBP Activities	\$0.00	\$0.00	\$0.00	\$0.00
23	Amount of line 21 Related to Section 504 Compliance	\$0.00	\$0.00	\$0.00	\$0.00
24	Amount of line 21 related to Security (Soft Costs)	\$0.00	\$0.00	\$0.00	\$0.00
25	Amount of line 21 Related to Security (Hard Costs)	\$0.00	\$0.00	\$0.00	\$0.00
26	Amount of line 21 Related to Energy Conservation	\$0.00	\$0.00	\$0.00	\$0.00

Signature of Executive Director and Date

3/5/2009

Signature of Public Housing Director or Community Rating Administrator & Date:

X

X

APPROVED

*J. P. [Signature]*  
3/21/09

**Actual Comprehensive Grant  
Cost Certificate**  
Comprehensive Grant Program (CGP)

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

OMB Approval No. 2577-0157  
(Exp. 09/30/2005)

PHA/IHA Name  <b>Lucas Metropolitan Housing Authority</b>	Comprehensive Grant Number <b>OHR006501-01</b>
	FFY of Grant Approval <b>2001</b>

The PHA/IHA 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 Comprehensive Grant, is as shown below:

A. Original Funds Approved	\$ 2,332.00
B. Revised Funds Approved	\$ 2,332.00
C. Funds Advanced	\$ 2,332.00
D. Funds Expended (Actual Modernization Cost)	\$ 2,332.00
E. Amount to be Recaptured (A-D)	\$ -0-
F. Excess of Funds Advanced (C-D)	\$ -0-

- That all modernization work in connection with the Comprehensive Grant has been completed;
- That the entire Actual Modernization Cost or liabilities therefor incurred by the PHA have been fully paid;
- 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
- 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 <i>Linnie B. Willis</i> <b>Linnie B. Willis, Executive Director</b>	Date <b>02/27/2009</b>
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**For HUD Use Only**

The Cost Certificate is approved for audit.

Approved for Audit (Director, Public Housing Division) <i>KHaley for S. Sweet</i>	Date <b>3/27/09</b>
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The audited costs agree with the costs shown above.

Verified (Director, Public Housing Division)	Date
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Approved (Field Office Manager)	Date
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# Annual Statement /Performance and Evaluation Report

## Capital Fund Program & Capital Fund Program Replacement Housing Factor (CFP/CFPRHF) Part I: Summary

HA Name <b>Lucas Metropolitan Housing Authority</b>	Replacement Housing Factor Grant No: <b>OH12R006501-01</b>	Federal FY of Grant <b>2001</b>
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<input type="checkbox"/> Original Annual Statement	<input type="checkbox"/> Reserve for Disaster/Emergencies	<input type="checkbox"/> Revised Annual Statement/Revision Number _____
<input type="checkbox"/> Performance and Evaluation Report for Program Year Ending June 30,2006	<input checked="" type="checkbox"/> Final Performance and Evaluation Report 03-05-09	

Line No.	Summary by Development Account	Total Estimated Cost		Total Actual Cost (2)	
		Original	Revised (1)	Obligated	Expended
1	Total Non-CGP Funds				
2	1406 Operations (may not exceed 10% of 19)	\$0.00	\$0.00	\$0.00	\$0.00
3	1408 Management Improvements	\$0.00	\$0.00	\$0.00	\$0.00
4	1410 Administration	\$0.00	\$0.00	\$0.00	\$0.00
5	1411 Audit	\$0.00	\$0.00	\$0.00	\$0.00
6	1415 Liquidated Damages	\$0.00	\$0.00	\$0.00	\$0.00
7	1430 Fees and Costs	\$0.00	\$0.00	\$0.00	\$0.00
8	1440 Site Acquisition	\$0.00	\$0.00	\$0.00	\$0.00
9	1450 Site Improvement	\$0.00	\$0.00	\$0.00	\$0.00
10	1460 Dwelling Structures	\$0.00	\$0.00	\$0.00	\$0.00
11	1465.1 Dwelling Equipment-Nonexpendable	\$0.00	\$0.00	\$0.00	\$0.00
12	1470 Nondwelling Structures	\$0.00	\$0.00	\$0.00	\$0.00
13	1475 Nondwelling Equipment	\$0.00	\$0.00	\$0.00	\$0.00
14	1485 Demolition	\$0.00	\$0.00	\$0.00	\$0.00
15	1495.1 Relocation Cost	\$0.00	\$0.00	\$0.00	\$0.00
16	1490 Replacement Reserve	\$0.00	\$0.00	\$0.00	\$0.00
17	1492 Moving to Work Demonstration	\$0.00	\$0.00	\$0.00	\$0.00
18	1499 Mod Used for Development	\$2,332.00	\$2,332.00	\$2,332.00	\$2,332.00
19	1501 Collateralization or Debt Service	\$0.00	\$0.00	\$0.00	\$0.00
20	1502 Contingency (may not exceed 8% of 19)	\$0.00	\$0.00	\$0.00	\$0.00
21	<b>Amount of Annual Grant (Sum of lines 2-19)</b>	<b>\$2,332.00</b>	<b>\$2,332.00</b>	<b>\$2,332.00</b>	<b>\$2,332.00</b>
22	Amount of line 21 Related to LBP Activities	\$0.00	\$0.00	\$0.00	\$0.00
23	Amount of line 21 Related to Section 504 Compliance	\$0.00	\$0.00	\$0.00	\$0.00
24	Amount of line 21 related to Security (Soft Costs)	\$0.00	\$0.00	\$0.00	\$0.00
25	Amount of line 21 Related to Security (Hard Costs)	\$0.00	\$0.00	\$0.00	\$0.00
26	Amount of line 21 Related to Energy Conservation	\$0.00	\$0.00	\$0.00	\$0.00

Signature of Executive Director and Date <b>X</b>	3/5/2009 Signature of Public Housing Director or Office of Native American Program Administration Date <b>X</b>	<div style="font-size: 2em; font-weight: bold; opacity: 0.5;">APPROVED</div> <div style="text-align: right; margin-top: 10px;"> <i>AP</i>                      3/27/09                 </div>
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# **Lucas Metropolitan Housing Authority**

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**Federal Awards  
Supplemental Information  
December 31, 2008**

# Lucas Metropolitan Housing Authority

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## Independent Auditor's Report

To the Board of Commissioners  
Lucas Metropolitan Housing Authority

We have audited the basic financial statements of Lucas Metropolitan Housing Authority for the year ended December 31, 2008 and have issued our report thereon dated June 17, 2009. Those basic financial statements are the responsibility of the management of Lucas Metropolitan Housing Authority. Our responsibility was to express an opinion on those basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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 conducted for the purpose of forming an opinion on the basic financial statements of Lucas Metropolitan Housing Authority taken as a whole. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The information in this schedule 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.

*Plante & Moran, PLLC*

June 17, 2009

Report on Internal Control Over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards*

To the Board of Commissioners  
Lucas Metropolitan Housing Authority

We have audited the financial statements of Lucas Metropolitan Housing Authority as of and for the year ended December 31, 2008 and have issued our report thereon dated June 17, 2009. 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.

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

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

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

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency described in the accompanying schedule of findings and questioned costs as Finding 2008-1. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

To the Board of Commissioners  
Lucas Metropolitan Housing Authority

### **Compliance and Other Matters**

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Lucas Metropolitan Housing Authority's response to the significant deficiencies and findings relating to compliance and other matters identified in our audit and described in the accompanying schedule of findings and questioned costs has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

We noted certain other matters that we have reported to management of Lucas Metropolitan Housing Authority in a separate letter dated June 17, 2009.

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

*Plante & Moran, PLLC*

June 17, 2009

## Report 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  
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 program for the year ended December 31, 2008. The major federal program of Lucas Metropolitan Housing Authority is 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 program 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 its major federal program for the year ended December 31, 2008. However, we did note an immaterial instance of noncompliance described in the accompanying schedule of findings and questioned costs as Finding 2008-2.

To the Board of Commissioners  
Lucas Metropolitan Housing Authority

### **Internal Control Over Compliance**

The management of Lucas Metropolitan Housing 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 Lucas Metropolitan Housing Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over compliance.

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

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

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

Lucas Metropolitan Housing Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Lucas Metropolitan Housing Authority's response and, accordingly, we express no opinion on it.

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

*Plante & Moran, PLLC*

June 17, 2009

# Lucas Metropolitan Housing Authority

## Schedule of Expenditures of Federal Awards Year Ended December 31, 2008

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Project/Grant Number	Award Amount	Federal Expenditures
<b>U.S. Department of Housing and Urban Development</b>				
Direct Programs:				
Low Income Public Housing	14.850	C-5005	\$ 10,747,762	\$ 10,747,765
Lower Income Housing Assistance Program - Voucher Mainstream Program	14.871	C-5035	20,804,100	20,804,100
	14.871	C-5035	853,384	853,384
Lower Income Section 8 Project-based Cluster - Lower Income Housing Assistance Program - Moderate Rehabilitation	14.856	C-5035	211,920	211,920
Public Housing Capital Fund Program Grant:				
Public Housing Capital Fund Program 2005	14.872	OH12P006501-05	5,400,036	641,257
Public Housing Capital Fund Program 2006	14.872	OH12P006501-06	5,246,780	2,338,264
Public Housing Capital Fund Program 2007	14.872	OH12P006501-07	4,982,100	4,217,314
Public Housing Capital Fund Program 2008	14.872	OH12P006501-08	5,080,226	116,182
Public Housing Capital Fund Program 2001	14.872	OH12R006501-01	2,332	2,332
Public Housing Capital Fund Program 2004	14.872	OH12R006501-04	125,043	<u>125,083</u>
Total Public Housing Capital Fund Program Grant				7,440,432
Resident Opportunities and Support Services:				
Resident Opportunities and Support Services	14.870	OH006RFS008A005	50,434	49,099
ROSS Homeownership Grant - 2004	14.870	OH006RHH036A003	350,000	77,149
ROSS - Hope House	14.870	OH006REF052A005	350,000	<u>125,686</u>
Total Resident Opportunities and Support Services				<u>251,934</u>
Total federal assistance				<b><u>\$ 40,309,535</u></b>

# **Lucas Metropolitan Housing Authority**

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## **Note to Schedule of Expenditures of Federal Awards Year Ended December 31, 2008**

### **Note - 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 basic 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 basic financial statements.

# Lucas Metropolitan Housing Authority

## Schedule of Findings and Questioned Costs Year Ended December 31, 2008

### 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
- Significant deficiency(ies) 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
- Significant deficiency(ies) 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:

CFDA Number	Name of Federal Program or Cluster
14.871	Lower Income Housing Assistance Program - Voucher

Dollar threshold used to distinguish between type A and type B programs: \$1,209,286

Auditee qualified as low-risk auditee?  Yes  No

# Lucas Metropolitan Housing Authority

## Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2008

### Section II - Financial Statement Audit Findings

Reference Number	Finding
2008-1	<p><b>Bank Reconciliations for Master and Section 8 Accounts</b></p> <p><b>Finding Type</b> - Significant deficiency</p> <p><b>Criteria</b> - Bank reconciliations for the master and Section 8 accounts should be prepared on a timely basis.</p> <p><b>Condition</b> - Bank reconciliations were not prepared timely during a portion of the year.</p> <p><b>Context</b> - Bank reconciliations for these accounts are the responsibility of the accounting supervisor or accounting manager who had added duties this year and could not perform all reconciliations timely.</p> <p><b>Cause</b> - The loss of the accounting supervisor and the loss of the finance director added significantly more responsibilities to the accounting manager during the year. Due to ongoing vacancies in the department and various other high priority projects, the account reconciliations were not performed timely.</p> <p><b>Effect</b> - A potential for misappropriation of funds may not be detected on a timely basis and interim financial reporting could be materially misstated.</p> <p><b>Recommendation</b> - Priorities among available staff should be shifted appropriately even during staff vacancy periods to ensure the performance of consistent, timely bank reconciliations.</p>

# Lucas Metropolitan Housing Authority

## Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2008

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

Reference Number	Finding
2008-1 (Continued)	<p><b>Views of Responsible Officials and Planned Corrective Actions</b> - Since these accounts are monitored daily via online systems, the safety of the funds was never in question. There are ample security measures in place to prevent theft or fraud of our accounts, and the bank is swift to act on any suspicious activity.</p> <p>However, this process is still a vital one, and the duty for timely and accurate records is paramount. The following action plan has been implemented:</p> <ul style="list-style-type: none"><li>• The master account was brought up to date through June 2008, and was current by the end of September.</li><li>• The Section 8 account was brought current by the end of October 2008.</li><li>• All bank accounts have been reconciled monthly thereafter.</li><li>• Beginning with January 2009, all bank accounts will be reconciled on or before the 20th of the following month.</li><li>• All bank reconciliation reports will be completed by the accounting supervisor, accounting manager, or another qualified individual as assigned by the accounting manager, and reviewed by the finance director each month.</li><li>• A cash and investments summary will be prepared each month for the finance director and executive director to review the status of all accounts.</li></ul>

# Lucas Metropolitan Housing Authority

## Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2008

### Section III - Federal Program Audit Findings

Reference Number	Findings
2008-2	<p><b>Program Name</b> - 14.871 Lower Income Housing Assistance Program - Voucher</p> <p><b>Finding Type</b> - Immaterial noncompliance</p> <p><b>Criteria</b> - PHAs must maintain complete and accurate accounts and other records for the program in accordance with HUD requirements. PHAs are required to maintain a HAP contract register or similar record in which to record the PHA's obligation for monthly HAPs. This record must provide information as to the name and address of the family, the name and address of the owner, dwelling unit size, the beginning date of the lease term, the monthly rent payable to the owner, monthly rent payable by the family to the owner, and the monthly HAP. The record shall also provide data as to the date the family vacates and the number of days the unit is vacant, if any (24 CFR Section 982.158).</p> <p><b>Condition</b> - During the audit, recertification and supporting information was unable to be located for one tenant from a sample of 29 tenants selected for eligibility testing.</p> <p><b>Questioned Costs</b> - None</p> <p><b>Context</b> - Tenant file was located but current information was not in the file. Appears to be an isolated instance and the program director contends that it was most likely misfiled.</p> <p><b>Cause and Effect</b> - No material effect to the program. Tenant may have improper rental rate.</p> <p><b>Recommendation</b> - Procedures should be implemented to ensure that tenant files are internally reviewed periodically for completeness.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - Tenant files are normally reviewed for completeness. Management will ensure that this file is brought up to date and will continue to check files for completeness.</p>

# Lucas Metropolitan Housing Authority

## Summary Schedule of Prior Audit Findings Prior Year Ended December 31, 2007

Fiscal Year	Finding Number	Finding Type	Finding	Status	Questioned Costs	Comments
2007	2007-1	Financial statement finding: Significant deficiency	Bank reconciliations for the master and Section 8 accounts were not prepared timely during the year.	Open	None	See 2008 Finding 2008-1. Finding was resolved by October 2008. Bank accounts are currently reconciled timely.
2007	2007-2	Financial statement finding: Information technology significant deficiency	There was no restriction of administrative access to financial applications from IT supervisors.	Cleared	None	Access has been restricted. No further issues were noted.



**Mary Taylor, CPA**  
Auditor of State

**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  
OCTOBER 15, 2009**