
**COLUMBUS METROPOLITAN
HOUSING AUTHORITY**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS AND
REPORTS ON FEDERAL AWARDS IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS AND OFFICE OF
MANAGEMENT AND BUDGET CIRCULAR A—133
FOR THE YEAR ENDED DECEMBER 31, 1999**

COLUMBUS METROPOLITAN HOUSING AUTHORITY

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FOR THE YEAR ENDED DECEMBER 31, 1999**

Columbus Metropolitan Housing Authority
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Board of Commissioners
Columbus Metropolitan Housing Authority
960 East Fifth Ave.
Columbus, Ohio 43201

We have reviewed the Independent Auditor's Report of the Columbus Metropolitan Housing Authority, Franklin County, prepared by PricewaterhouseCoopers, for the audit period January 1, 1999 through December 31, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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



JIM PETRO
Auditor of State

June 9, 2000

Report of Independent Accountants

Board of Commissioners
Columbus Metropolitan Housing Authority
960 East Fifth Ave
Columbus, Ohio 43201

In our opinion, the accompanying balance sheet and the related statements of revenue, expenses and changes in equity, and cash flows present fairly, in all material respects, the financial position of Columbus Metropolitan Housing Authority (the Authority) at December 31, 1999, and the changes in its equity and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States. 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 audit of these statements in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for the opinion expressed above.

As discussed in Note 2, the Authority changed its method of accounting from accounting practices prescribed or permitted by the Department of Housing and Urban Development to accounting principles generally accepted in the United States.

We have also issued our report dated March 31, 2000 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Our audit was made for the purpose of forming an opinion on the basic financial statements on the Authority taken as a whole. The accompanying Schedule of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The information in that 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.

PricewaterhouseCoopers LLP

March 31, 2000

Columbus Metropolitan Housing Authority
Balance Sheet
As of December 31, 1999

Assets

Cash and cash equivalents	\$ 15,314,567
Accounts receivable, net:	
Tenants	106,046
HUD	579,662
Other	398,258
Funds on deposit and other assets	1,364,311
Notes receivable, current	265,083
Investments	10,539,277
Inventory	255,563
Prepaid items	152,800
	<hr/>
Total current assets	28,975,567
	<hr/>
Notes receivable	18,673,289
Land, structures and equipment, net	97,140,876
	<hr/>
Total assets	<u>\$ 144,789,732</u>

Liabilities and Equity

Accounts payable:	
Trade	\$ 4,467,996
HUD	1,281,601
Other	229,744
Accrued expenses	1,633,049
Other deferred credits	3,948,685
Trust and deposit liabilities	484,065
	<hr/>
Total current liabilities	12,045,140
	<hr/>
Other liabilities	258,215
	<hr/>
Total liabilities	12,303,355
	<hr/>
Equity	132,486,377
	<hr/>
Total liabilities and equity	<u>\$ 144,789,732</u>

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

Columbus Metropolitan Housing Authority
Statement of Revenue, Expenses and Changes in Equity
For the Year Ended December 31, 1999

Operating revenue:	
HUD grants	\$ 62,417,935
Rental	5,315,248
Interest	1,190,614
Other	64,570
	<hr/>
Total operating revenue	68,988,367
	<hr/>
Operating expenses:	
Administration	8,726,503
Tenant services	394,237
Utilities	2,592,632
Ordinary maintenance and operation	6,609,139
Protective services	1,017,974
General expenses	592,387
Nonroutine maintenance	284,634
Housing assistance payments	41,271,211
	<hr/>
Total operating expenses	61,488,717
	<hr/>
Net operating income before other charges	7,499,650
Other charges:	
Depreciation	7,418,393
Loss on disposal of assets	688,778
	<hr/>
Net loss	(607,521)
Equity, beginning of year	212,061,001
Adjustments to beginning equity	(78,967,103)
	<hr/>
Equity, end of year	\$132,486,377
	<hr/>

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

Columbus Metropolitan Housing Authority
Statement of Cash Flows
For the Year Ended December 31, 1999

Cash flows from operating activities:	
Net loss	\$ (607,521)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation	7,418,393
Loss on disposal of assets	688,778
Net increase in fair value of investments	(18,507)
Change in assets and liabilities:	
Tenant receivables	(10,147)
HUD receivables	271,477
Other receivables	1,623,921
Funds on deposit and other assets	(1,364,311)
Inventory	(53,068)
Prepaid items	(5,143)
Trade payables	1,321,416
HUD payables	546,320
Other payables	(150,930)
Accrued expenses	(73,239)
Trust and deposit liabilities	(75,754)
Other long-term liabilities	258,215
Other deferred credits	1,595,487
Net cash provided by operating activities	<u>11,365,387</u>
Cash flows from investing activities:	
Sale/purchase of investments, net	<u>6,100,736</u>
Net cash provided by investing activities	<u>6,100,736</u>
Cash flows from capital and related financing activities:	
Acquisition of land, structures and equipment	(15,141,625)
Proceeds from disposal of land, structures and equipment	273,018
Payments received on notes receivable	<u>3,841,675</u>
Net cash used in capital and related financing activities	<u>(11,026,932)</u>
Net increase in cash and cash equivalents	6,439,191
Cash and cash equivalents, beginning of year	<u>8,875,376</u>
Cash and cash equivalents, end of year	<u>\$ 15,314,567</u>

Columbus Metropolitan Housing Authority

Notes to Financial Statements

1. Summary of Significant Account Policies

Description of the entity. Columbus Metropolitan Housing Authority (the Authority) is organized under the laws of the state of Ohio for purposes of acquiring, developing, leasing, operating and administering low-rent housing programs.

The United States Department of Housing and Urban Development (HUD) has direct responsibility for administering the Low-Rent Housing Program under the United States Housing Act of 1937, as amended. HUD is authorized to contract with local housing authorities in financing the acquisition, construction and/or leasing of housing units, to make housing assistance payments, and to make annual contributions (subsidies) to the local housing authorities for the purposes of maintaining the low-rent character of the local housing program. Under an administrative form of contract, HUD has conveyed certain federally built housing units to the Authority for low-rent operations.

Basis of accounting. The accompanying consolidated financial statements are prepared on the accrual basis in accordance with generally accepted accounting principles (GAAP). All intercompany balances and transactions have been eliminated in consolidation.

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

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

A summary of each of these funds is provided below:

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

1. **PHA-Owned Housing**—Under this program, the Authority owns and operates apartments and single-family housing. Funding is provided by tenant rent payments and HUD subsidies.
2. **Housing Assistance Payments**—Under Section 8 of the Housing Program, low-income tenants lease housing units directly from private landlords rather than from the Authority. HUD contracts with the Authority, which in turn contracts with private landlords and makes assistance payments for the difference between the approved contract rent and the actual rent paid by the low-income tenants.
3. **Homeownership**—Under this program, qualified low-income families can earn homeownership of their homes. A portion of each monthly rent payment is applied against the purchase of the home. A family achieves homeownership when accumulated equity equals a predetermined amount based on the unamortized purchase price of the dwelling. A family may also purchase the dwelling by obtaining financing to pay the amount by which the purchase price exceeds the family's equity in the home.

Columbus Metropolitan Housing Authority

Notes to Financial Statements

4. **Comprehensive Grant Program**—Substantially all additions to land, structures and equipment are accomplished through Comprehensive Grant Programs. Comprehensive Grant Programs replace or materially upgrade deteriorated portions of the Authority's housing units. Funding is provided through grants. Comprehensive Grant Program costs are capitalized and reported on the statement of assets, liabilities and surplus until such time as they are completed and placed into service in one of the aforementioned programs. The Authority enters into significant construction contract obligations in relation to this Modernization and Development activity on an ongoing basis.

Other Business Ventures—This program consists of seven funds that provide resources for housing related activities. Three of the funds are wholly owned subsidiaries of CMHA, whose goals are to provide affordable housing to low income individuals and families. The other four funds provide resources for housing related activities that would otherwise cause undue financial hardship to Low Rental Housing Program clients.

Revenue recognition. Grant revenue is recognized when the earnings process is complete, an exchange has taken place, and any restrictions imposed by the terms of the grant have been met. Rent revenue is recognized over the period for which housing has been provided. Investment income is recognized and recorded when earned and is allocated to programs based upon monthly investment balances.

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

Investments. The Authority's investments are recorded at fair value. Fair value generally represents quoted market value prices for investments traded in the public marketplace. Investment income, including changes in the fair value of investments, is recorded as revenue in the operating statements.

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

Columbus Metropolitan Housing Authority

Notes to Financial Statements

Land, structures and equipment. Land, structures and equipment are recorded at historical cost. Donated land, structures and equipment are recorded at their fair value on the date donated. Depreciation is calculated on a straight-line method using half-year convention over the estimated useful lives. When depreciable property is disposed of or sold, the cost and related accumulated depreciation are removed from the accounts, with any gain or loss reflected in operations. The estimated useful lives are as follows:

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

Use of estimates. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Change in Method of Accounting

Effective in 1999, the Authority converted their annual financial statements from HUD basis accounting to generally accepted accounting principles (GAAP). These changes consisted of the following items:

1. Depreciation expense is recorded on structures and equipment.
2. Development costs and preliminary administrative costs incurred prior to the dwelling unit's occupation are expensed rather than capitalized.
3. Housing assistance payments and administrative fees made to the Authority for Section 8 projects are shown as revenue rather than as a credit directly to equity.
4. Other contributions made to the Authority to subsidize operation deficits for PHA-Owned projects are shown as revenue rather than as a credit directly to equity.
5. Gains or losses from sale of Homeownership Program dwelling units are shown as revenue items rather than as a credit directly to equity.
6. Bonds and notes guaranteed by HUD are recorded as a capital contributions rather than as a liability on the Balance Sheet.

An adjustment was recorded to beginning equity to account for depreciation and write-off of development costs and preliminary administrative costs that are not capitalizable under GAAP for land, structures and equipment acquired prior to December 31, 1998. Another adjustment was recorded to beginning equity to write-off long term debt and interest payable, which are both guaranteed by HUD, and related debt amortization funds as of December 31, 1998.

Columbus Metropolitan Housing Authority
Notes to Financial Statements

The adjustment to beginning equity is based on the following as of December 31, 1998:

Accumulated depreciation	\$ 90,592,274
Non-capitalizable costs	27,044,188
Notes payable	(13,088,909)
Bonds payable	(19,390,250)
Accrued interest	(8,922,289)
Debt amortization funds	2,732,089
	<u>\$ 78,967,103</u>

3. Cash, Cash Equivalents and Investments

The Authority maintains cash, cash equivalents and investments in separate accounts for the Low-Rent Housing Fund and other business ventures.

Cash equivalents include short-term, highly liquid investments that are both readily convertible to known amounts of cash and are so near maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less qualify under this definition.

Cash and cash equivalents included in the Authority's cash position at December 31, 1999 are as follows:

Demand deposits:	
Bank balance	\$ 15,666,213
Items-in-transit	<u>(351,646)</u>
Carrying balance	<u>\$ 15,314,567</u>

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

At December 31, 1999, the Authority's Low-Rent Housing Program and other business ventures had \$10,819,585 and \$4,017,956, respectively, held in the State Treasury Asset Reserve of Ohio (STAR Ohio, managed by the treasurer of the state of Ohio). STAR Ohio is a highly liquid investment pool with participation restricted to subdivisions of the state of Ohio. Under Ohio Revised Code Section 135.143, STAR Ohio is restricted to investing in obligations of the U.S. government and other instruments authorized by the state of Ohio and its political subdivisions. Due to the highly liquid nature of the fund and a net asset value of \$1, STAR Ohio resembles a money market fund and, therefore, has been treated as a cash equivalent by the Authority in the financial statements. The Authority's investment in the pool is not subject to credit risk categorization because it is not evidenced by securities that exist in physical or book entry form.

Columbus Metropolitan Housing Authority
Notes to Financial Statements

Investments. Investment procedures are restricted by the provisions of the Ohio Revised Code and the Department of Housing and Urban Development. Approved investment securities include direct obligations of the federal government backed by the full faith and credit of the United States (e.g., U.S. Treasury bills, notes and bonds), obligations of federal government agencies (e.g., Government National Mortgage Association mortgage-backed securities, bonds, participating certificates), and securities of government-sponsored agencies (e.g., Federal Farm credit banks, Federal Land banks, and Federal Home Loan banks).

	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Fair Value</u>
At December 31, 1999:			
U.S. federal agency bonds	\$ 4,549,770	\$ 18,507	\$ 4,568,277
Certificates of deposit	5,971,000	-	5,971,000
Total	<u>\$ 10,520,770</u>	<u>\$ 18,507</u>	<u>\$ 10,539,277</u>

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

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

4. Notes Receivable

Beginning in 1996, the Authority entered into a "Construction Loan Agreement" (the Agreement) with Rosewind Limited Partnership (see Note 11), for the construction of low-income housing. At the completion of the project the loan converts into a permanent loan with a maturity date to be 35 years from the date of the conversion to the permanent loan and without interest. In March 1999, the Authority and Rosewind Limited Partnership entered into an amendment to increase the maximum amount of the construction loan agreement to \$25,500,000. The balance is \$17,899,875 as of December 31, 1999. The Authority is also due \$1,038,497 at December 31, 1999 for reimbursement of developer fees.

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

Columbus Metropolitan Housing Authority
Notes to Financial Statements

5. Land, Structures and Equipment

The Authority capitalizes as land, structures and equipment the costs of site acquisition and improvement, structures, equipment and indirect development costs. A summary of the activity in land, structures and equipment as of December 31, 1999 is as follows:

Land	\$ 155,935
Site improvements	21,751,844
Buildings	156,410,843
Other assets	1,301,266
Construction in process	<u>15,531,655</u>
Total	195,151,543
Accumulated depreciation	<u>98,010,667</u>
Net book value	<u>\$97,140,876</u>

There was no interest capitalized for the year ended December 31, 1999.

6. Other HUD Contributions

In accordance with the conversion to GAAP as described in Note 2, the bond and permanent note issues were recorded to contributed capital through an adjustment to beginning equity as the loans are guaranteed by a pledge of faith of the U.S. Government to finance Comprehensive Grant Program. HUD pays for the principal and interest on these loans. The Authority also wrote-off debt amortization funds and accrued interest on the debt. The outstanding balance on conduit debt at December 31, 1999 is as follows:

Bonds payable with interest rates ranging from 3.25% to 5.25% maturing through 2013	\$ 14,613,000
Notes payable with an interest rate of 6.6% maturing through 2019	<u>2,999,456</u>
	<u>\$17,612,456</u>

Columbus Metropolitan Housing Authority
Notes to Financial Statements

7. Payment in Lieu of Taxes

The Authority has executed a Cooperation Agreement with the City of Columbus that provides for tax exemption of the housing projects but requires the Authority to make payments in lieu of taxes for municipal services received based upon a prescribed formula related to rental income.

8. Self-Insured Health Care

The Authority has a self-insured health care plan that covers all employees electing to participate. This plan provides employee health benefits of up to \$2,000,000 of cumulative coverage to employees. The Authority purchases commercial insurance for individual claims exceeding \$55,000 and aggregate claim losses exceeding \$796,286. A reconciliation of claims liabilities is shown below:

Reconciliation of Claims Liabilities

Unpaid claims and claim adjustment expenses at beginning of year	\$ 175,169
Incurred claims and claim adjustment expenses:	
Provision for insured events of the current year	<u>824,935</u>
 Total incurred claims and claim adjustment expenses	 <u>1,000,104</u>
 Payments:	
Claims and claim adjustment expenses attributable to insured events	
Current year	679,379
Prior year	<u>46,187</u>
	<u>725,566</u>
 Total unpaid claims and claim adjustment expenses at end of year	 <u>\$ 274,538</u>

The Authority makes payments to the Plan Trustee based on estimated amounts needed to pay prior and current year claims. The December 31, 1999 claims liability is based on the requirements of the Governmental Accounting Standards Board (GASB) Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The liability is estimated by applying a three-month lag factor to the average actual monthly claims incurred.

Columbus Metropolitan Housing Authority

Notes to Financial Statements

9. Retirement Commitments

Plan description. The Authority contributes to the Public Employees' Retirement System of Ohio (PERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State Statute per Chapter 145 of the Ohio Revised Code. The Public Employees' Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085.

Funding policy. The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.5% for employees other than law enforcement. The 1999 employer contribution rate for local government employer units was 13.55% of covered payroll. The Authority's contribution to PERS, representing 100% of employer contributions, was \$1,117,238, \$1,113,034 and \$1,044,647 for the years ended December 31, 1999, 1998 and 1997, respectively.

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

10. Deferred Compensation

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all regular employees, permits them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. The Authority made no contributions to the plan in 1999.

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

Columbus Metropolitan Housing Authority

Notes to Financial Statements

11. Related Entities

In November 1996, the Authority established a not-for-profit subsidiary known as Metropolitan Housing Partners (MHP), which is included in Other Business Ventures. MHP is the majority owner, with a 79% interest, in Rosewind GP Corporation, which is the 1% general partner in Rosewind Limited Partnership. These entities were established to facilitate the construction of low-income housing for which third-party investors will receive low-income tax credits in return for equity investments in the Rosewind Limited Partnership.

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

For the year ended December 31, 1999, the Authority has incurred accounts payable to Rosewind Limited Partnership of approximately \$2,588 and recorded notes receivables (see Note 4) for the sale of property.

In March 1998, Franklin County, Ohio issued \$14 million in tax-exempt bonds on behalf of Rosewind Limited Partnership, as borrower. The proceeds of the bond issuance were used to repay the promissory note agreements owed to the Authority by Rosewind Limited Partnership. The Authority in turn pledged the monies and subsequent interest earned, on behalf of Rosewind Limited Partnership, as collateral for the repayment of the tax-exempt bonds issued and interest expense incurred on the bonds. A principal payment in the amount of \$10 million was made during 1999. The funds held in escrow are in the name of Rosewind Limited Partnership and accordingly no amounts are recorded in the Authority's financial statements at December 31, 1999. Amounts held in escrow at December 31, 1999 were \$3,977,173.

The Authority, Rosewind Development and Rosewind GP Corporation are defendants in litigation brought by a contractor. The lawsuit seeks recovery of costs and damages of approximately \$3,100,000. Management is actively defending the litigation and believes that the ultimate resolution will not have a material impact on the Authority's financial position or results of operations.

12. Uncompleted Contracts

At December 31, 1999, the Authority has uncompleted contracts in the amount of \$5,229,111 for Comprehensive Grant Program and extraordinary maintenance programs.

13. Contingent Liabilities

Under the terms of Federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenses under the terms of the grants. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenses which may be disallowed by the grantor cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

Columbus Metropolitan Housing Authority
Notes to Financial Statements

14. Subsequent Event

As of December 31, 1999, the Authority had \$1,150,024 on deposit in an escrow fund to purchase a housing complex. The contract sales price for the property was \$2,950,000. This transaction was completed on January 1, 2000 with the Authority assuming full ownership of the property.

Columbus Metropolitan Housing Authority
Supplemental Financial Data Schedules
Balance Sheet
As of December 31, 1999

	Low Rent 14,858	Section 8 Vouchers 14,855	All. Section 8 Mod Rehab 14,856	Section 8 Certificates 14,857	CCP 14,859	Hope VI 14,806	Other business Ventures 14,851	Section 8 NYC SFR	Total
ASSETS									
Current assets									
Cash-unrestricted	\$ 4,240,407	\$ 2,845,394	\$ 11,411	\$ 2,176,591	\$ -	\$ -	\$ 3,593,356	\$ 1,298,328	\$ 14,165,187
Cash-restricted-innovation and development	-	-	-	-	-	-	-	-	-
Cash-restricted-security deposits	486,245	77,889	-	132,427	-	-	-	-	696,561
Cash-other restricted	-	-	-	-	-	-	452,219	-	452,219
Petty cash fund	189	11	-	-	-	-	100	-	300
Charge fund	-	-	-	-	-	-	-	-	-
Total cash	4,726,841	2,923,294	11,411	2,309,018	-	-	4,045,675	1,298,328	15,314,567
Accounts and notes receivables	-	-	-	-	-	-	-	-	-
Accounts receivable-PIA projects	-	349,738	90,446	33,046	-	-	-	106,432	579,662
Accounts receivable-(111) other projects	-	-	-	-	-	-	-	-	-
Accounts receivable-other governments	150,944	-	-	-	-	-	904	-	151,848
Accounts receivable-refused finances	218,142	-	-	-	-	-	101	-	218,243
Accounts receivable-tenant-dwelling rent	(112,197)	-	-	-	-	-	-	-	(112,197)
Allowance for doubtful accounts-dwelling rent	-	-	-	-	-	-	-	-	-
Allowance for doubtful accounts-others	92,000	-	-	-	-	-	173,083	-	265,083
Notes and mortgages receivables	-	129,458	-	-	-	-	-	-	129,458
Fraud recovery	-	(129,630)	-	-	-	-	-	-	(129,630)
Allowance for doubtful accounts-fraud	-	-	-	-	-	-	-	-	-
Accrued interest receivable	16,007	-	-	-	-	-	230,575	-	246,582
Total receivables, net of allowances for uncollectibles	364,896	349,566	90,446	33,046	-	-	404,663	106,432	1,349,049
Current investments									
Investments-unrestricted	2,053,384	-	-	-	-	-	8,464,893	-	10,518,277
Investments-restricted	-	-	-	-	-	-	21,000	-	21,000
Prepaid expenses and other assets	134,086	18,714	-	-	-	-	1,364,311	-	1,517,111
Inventories	305,563	-	-	-	-	-	-	-	305,563
Allowance for obsolete inventories	(50,000)	-	-	-	-	-	-	-	(50,000)
Interprogram-due from	8,051,512	-	-	-	-	28,575,903	6,359,369	-	42,986,784
Interprogram-due to	-	40,019	-	(2,844,322)	(2,844,322)	(37,482,298)	(2,700,183)	-	(42,986,784)
Total investments	10,494,545	58,733	-	(2,844,322)	(2,844,322)	(8,906,395)	13,509,390	-	12,311,951
Total current assets	\$ 15,586,282	\$ 3,331,593	\$ 101,857	\$ 2,342,064	\$ (2,844,322)	\$ (8,906,395)	\$ 17,959,728	\$ 1,404,760	\$ 28,975,567

Columbus Metropolitan Housing Authority
Supplemental Financial Data Schedules
Balance Sheet
As of December 31, 1999

	Low Rent	Section 8 Vouchers	A.I.L. Section 8 Mod Rehab	Section 8 Certificates	CGP	Hope VI	Other business Ventures	Section 8 N/C S/R	Total
Noncurrent assets									
Fixed assets									
Land	\$ 155,935	-	-	-	\$ 314,190	830,858	-	-	1,300,983
Buildings	178,048,230	-	-	-	5,445,357	8,926,256	114,458	-	192,534,301
Furniture, equipment and machinery-dwellings	1,063,073	40,731	5,718	141,486	14,992	-	-	50,259	1,316,259
Furniture, equipment and machinery-administration	-	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-	-
Accumulated depreciation	(97,767,940)	(24,282)	(3,408)	(76,340)	-	-	(108,735)	(29,962)	(98,010,667)
Total fixed assets, net of accumulated depreciation	81,499,298	16,449	2,310	65,146	5,774,539	9,757,114	5,723	20,297	97,140,876
Other non-current assets									
Notes and mortgages receivables-non current	17,807,875	-	-	-	-	-	865,414	-	18,673,289
Notes and mortgages receivables-non current-past due	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Undistributed debits	-	-	-	-	-	-	-	-	-
Total non-current assets	17,807,875	-	-	-	-	-	865,414	-	18,673,289
Total assets	\$ 114,893,455	\$ 3,348,042	\$ 104,167	\$ 2,407,210	\$ 2,930,217	\$ 850,719	\$ 18,830,865	\$ 1,425,057	\$ 144,789,732

Columbus Metropolitan Housing Authority
Supplemental Financial Data Schedules
Balance Sheet
As of December 31, 1999

	Low Rent	Section 8 Vouchers	A.L.I. Section 8 Mod Rehab	Section 8 Certificates	CGP	Hope VI	Other business Ventures	Section 8 N/C S/R	Total
	14,850	14,855	14,856	14,857	14,859	14,806	14,851		
LIABILITIES AND EQUITY									
Current liabilities									
Bank overdraft	-	-	-	-	-	-	-	-	-
Accounts payable < 90 days	568,805	58,570	98	3,198	1,975,904	611,624	20,184	859	3,239,242
Accounts payable > 90 days	35,344	-	-	-	934,313	239,097	-	-	1,228,754
Accrued wage/payroll taxes payable	644,693	192,028	-	-	-	-	-	-	836,721
Accrued vacation pay	247,524	57,482	-	-	-	-	-	-	305,006
Accrued contingency liability	-	-	-	-	-	-	-	-	-
Accrued interest payable	-	-	-	-	-	-	-	-	-
Accounts payable- HUD PHA Program	674,142	-	42,462	8,916	-	-	-	556,081	1,281,601
Accounts payable-other government	229,074	-	-	-	-	-	670	-	229,744
Tenant security deposits	484,065	-	-	-	-	-	-	-	484,065
Deferred revenue	240,234	2,369,564	-	574,457	-	-	5,061	759,369	3,948,685
Current portion of long-term debt-capital projects	-	-	-	-	-	-	-	-	-
Current portion of long-term debt-operating borrowing	-	-	-	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-	-	-	-
Accrued liabilities-other	443,964	47,220	-	-	-	-	138	-	491,322
Total current liabilities	3,567,845	2,724,864	42,560	586,571	2,930,217	850,721	26,053	1,316,309	12,045,140
Non-current liabilities									
Long term debt-net of current-capital projects	-	-	-	-	-	-	-	-	-
Long term debt-net of current-operating borrowings	-	-	-	-	-	-	49,090	-	258,215
Non-current liabilities-other	-	77,889	-	131,236	-	-	-	-	-
Total non-current liabilities	-	77,889	-	131,236	-	-	49,090	-	258,215
Total liabilities	\$ 3,567,845	\$ 2,802,753	\$ 42,560	\$ 717,807	\$ 2,930,217	\$ 850,721	\$ 75,143	\$ 1,316,309	\$ 12,303,355

**Columbus Metropolitan Housing Authority
Supplemental Financial Data Schedules
Balance Sheet
As of December 31, 1999**

	Low Rent 14,850	Section 8 Vouchers 14,855	ALL Section 8 Mod Rehab 14,856	Section 8 Certificates 14,857	CGP 14,859	Hope VI 14,806	Other business Ventures 14,851	Section 8 N/C S/R	Total
Equity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment in general fixed assets	-	-	-	-	-	-	-	-	-
Contributed capital-projects notes (HFD)	-	-	-	-	-	-	-	-	-
Contributed capital-long-term debt(HFD) guaranteed	-	-	-	-	-	-	-	-	-
Net(HFD) PHA contributions	105,443,233	-	-	-	-	-	4,002,150	-	109,445,383
Other(HFD) contributions	1,487,507	-	-	-	-	-	1,496,041	-	2,983,548
Other contributions	4,394,867	545,289	61,608	1,689,403	-	-	13,257,532	108,747	20,057,446
Reserved for operating activities	-	-	-	-	-	-	-	-	-
Total equity	111,325,607	545,289	61,608	1,689,403	-	-	18,755,723	108,747	132,486,377
Total liabilities and equity	\$ 114,893,452	\$ 3,348,042	\$ 104,168	\$ 2,407,210	\$ 2,930,217	\$ 850,721	\$ 18,830,866	\$ 1,425,056	\$ 144,789,732

Columbus Metropolitan Housing Authority
Supplemental Financial Data Schedules
Statements of Revenue and Expenses
For the Year Ended December 31, 1999

Account Description	Low Rental 14,850	Section 8 Voucher 14,855	A.I.L. Section 8 Med Rehab 14,856	Section 8 Certificates 14,857	CGP 14,859	HOPE VI 14,806	Other Business Ventures 14,851	Section 8 M/C S/R	Total
Revenue									
Net tenant rental revenue	\$ 5,309,271	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,977	\$ -	\$ 5,315,248
Tenant revenue-other	-	-	-	-	-	-	-	-	-
Total tenant revenue	5,309,271	-	-	-	-	-	5,977	-	5,315,248
(HUD) PITA grants	6,223,878	15,770,990	726,464	18,304,971	10,437,043	833,916	-	10,120,673	62,417,935
Other government grants	-	-	-	-	-	-	-	-	-
Section 8 Income	-	-	-	-	-	-	-	-	-
Investment income-irrevocable	328,271	20,017	2,332	71,061	-	-	730,938	17,445	1,170,064
Mortgage interest income	-	-	-	-	-	-	-	-	-
Fraud recovery	-	-	-	-	-	-	-	-	-
Other income	255,040	26	795	(199,910)	-	-	1,362	7,257	64,570
Gain or loss on sale of fixed assets	(703,697)	-	-	-	-	-	14,919	-	(688,778)
Investment income-restricted	-	-	-	-	-	-	20,350	-	20,350
Total revenue	11,412,763	15,791,033	729,591	18,176,122	10,437,043	833,916	773,746	10,145,375	68,299,589
Expense									
Administrative									
Professional expenses	2,873,782	749,141	44,933	892,152	251,075	174,885	-	188,788	5,174,756
Administrative salaries	39,905	3,941	533	12,633	-	-	-	5,080	62,112
Auditing fees	-	-	-	-	-	-	-	-	-
Outside management fees	-	-	-	-	-	-	-	-	-
Compensated absences	-	-	-	-	-	-	-	-	-
Employee benefit contributions-administrative	735,412	187,772	11,349	225,898	94,573	41,794	-	48,213	1,345,011
Other operating expenses	831,871	217,378	14,094	302,963	107,768	376,127	223,647	70,777	2,144,625
Tenant services									
Tenant services-salaries	-	-	-	-	188,375	-	-	-	264,591
Relocation costs	-	-	-	-	50,702	76,216	-	-	50,702
Employee benefit contributions-tenant services	-	-	-	-	46,390	20,477	-	-	66,867
Tenant services-other	12,077	-	-	-	-	-	-	-	12,077
Utilities									
Water	1,079,528	715	100	2,483	-	-	1,129	882	1,084,837
Electric	736,235	5,885	784	19,401	-	-	-	6,893	768,906
Gas	701,534	6,384	891	22,148	-	-	77	7,855	738,889
Fuel	-	-	-	-	-	-	-	-	-
Labor	-	-	-	-	-	-	-	-	-
Employee benefit contributions-utilities	-	-	-	-	-	-	-	-	-
Other utilities expense	-	-	-	-	-	-	-	-	-

Columbus Metropolitan Housing Authority
Supplemental Financial Data Schedules
Statements of Revenue and Expenses
For the Year Ended December 31, 1999

	Low Rental 14,850	Section 8 Voucher 14,855	A.I.L. Section 8 Mod Rehab 14,856	Section 8 Certificates 14,857	CCP 14,859	HOPE VI 14,806	Other Business Ventures 14,851	Section 8 N/C S/R	Total
Expense continued									
Ordinary maintenance & operations									
Ordinary main and op-labor	\$ 2,548,087	\$ 1,604	\$ 225	\$ 5,569	\$ -	\$ -	\$ -	\$ 1,979	\$ 2,557,464
Ordinary main and op-materials & other	620,632	4,344	622	15,090	160,403	-	184,209	5,354	990,654
Ordinary main and op-contract cost	1,805,306	6,711	905	23,109	415,199	139,000	8,232	8,119	2,406,581
Employee benefit contributions-ordinary maintenance	652,065	402	57	1,410	-	-	-	505	654,439
Protective services									
Protective services-labor	72,588	7,311	1,008	25,299	181,573	-	-	8,943	181,573
Protective services-other contract costs	-	-	-	-	721,252	-	-	-	836,401
Protective services-other	-	-	-	-	-	-	-	-	-
Employee benefit contributions-protective services	-	-	-	-	-	-	-	-	-
General expenses									
Insurance	188,315	1,556	218	5,407	-	-	-	1,921	197,417
Payment in lieu of taxes	229,074	-	-	-	-	-	670	-	229,744
Bad debt-tenant rents	157,799	-	(1,302)	-	-	-	-	-	156,497
Bad debt-mortgages	-	-	-	-	-	-	-	-	-
Bad debt-other	-	-	-	-	-	-	-	-	-
Interest expenses	-	-	-	-	-	-	-	-	-
Severance expenses	7,937	136	19	470	-	-	-	167	8,729
Total operating expenses	13,292,147	1,192,980	74,456	1,554,032	2,217,310	828,499	417,972	355,476	19,932,872
Excess operating revenue over operating expenses	(1,879,384)	14,598,053	655,135	16,622,090	8,219,733	5,417	355,774	9,789,899	48,366,717
Extraordinary maintenance	216,324	2,023	-	-	-	-	54,587	-	272,934
Casualty losses-non capitalized	5,746	-	-	-	-	-	5,954	-	11,700
Housing assistance payments	-	14,333,652	640,990	16,545,156	-	-	-	9,751,413	41,271,211
Depreciation expenses	7,379,924	5,926	832	20,584	-	-	3,815	7,312	7,418,393
Fraud losses	-	-	-	-	-	-	-	-	-
Capital outlays-government funds	-	-	-	-	-	-	-	-	-
Debt principal payments-government funds	-	-	-	-	-	-	-	-	-
Total expenses	20,894,141	15,534,581	716,278	18,119,772	2,217,310	828,499	482,328	10,114,201	68,907,110
Excess of revenue over expenses	\$ (9,481,378)	\$ 256,452	\$ 13,313	\$ 56,350	\$ 8,219,733	\$ 5,417	\$ 291,418	\$ 31,174	\$ (607,521)

Columbus Metropolitan Housing Authority
Schedule of Federal Revenue and Expenditures
For the Year Ended December 31, 1999

<u>Federal Grantor/ Pass-Through Grantor/Program Title</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Revenue</u>	<u>Expenditures</u>
U.S. Department of Housing and Urban Development:			
Direct Programs:			
Low-Income Housing—PHA-Owned and Leased	14.850	\$ 6,341,269	\$ 13,514,218
Low-Income Housing—Homeownership	14.851		16,658
Recaptured Funds—Homeownership	14.851		383,830
			<u>400,488</u>
Subtotal—Homeownership			
Public Housing Modernization	14.859	<u>11,270,959</u>	<u>17,863,520</u>
Low-Income Housing Assistance Program:			
Moderate Rehabilitation	14.856	726,096	717,515
Rental Vouchers	14.855	15,770,991	15,545,887
Certificates	14.857	18,304,971	18,159,044
Substantial Rehabilitation	14.182	<u>10,120,674</u>	<u>10,128,154</u>
Subtotal—Low-Income Housing Assistance Program		<u>44,922,732</u>	<u>44,550,600</u>
Total Federal Financial Assistance		<u>\$ 62,534,960</u>	<u>\$ 76,328,826</u>

Columbus Metropolitan Housing Authority

Notes to Schedule of Federal Revenue and Expenditures

1. Basis of Presentation

The accompanying Schedule of Federal Financial Assistance has been prepared using the accrual basis of accounting in accordance with the format as set forth in the *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget Circular A-133, *Audits of State and Local Governments*.

2. Program Status

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

The Columbus Metropolitan Housing Authority receives assistance in the form of an operating subsidy from HUD to be used for the purpose of maintaining the low-rent character of the local housing program. The monies are being received under one program number. During 1999, the receipt of \$117,391 was considered a federal pass-through to the Rosewind Limited Partnership (a related entity of the Authority).

3. Bonds and Permanent Notes

The bond and permanent note issues represent loans guaranteed by a pledge of faith of the U.S. Government to finance Comprehensive Grant Programs. Principal and interest on these loans will be paid through annual contributions for debt service from HUD. Bonds and permanent notes at December 31, 1999 consist of the following:

Bonds payable with interest rates ranging from 3.25% to 5.25% and maturity dates through 2013	\$ 14,613,000
Notes payable with an interest rate of 6.6% maturing through 2019	<u>2,999,456</u>
	<u>\$ 17,612,456</u>

Columbus Metropolitan Housing Authority
Schedule of Actual Modernization Costs
Projects OH16-P001-704

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

<u>Classification</u>	<u>Project OH16-P001-704</u>
Management improvements	\$ 945,281
Administration	551,118
Fees and costs	928,510
Site improvements	1,052,725
Dwelling structures	4,375,993
Dwelling equipment—nonexpendable	69,244
Nondwelling structures	1,574,284
Relocation costs	<u>96,181</u>
Total costs	<u>\$ 9,593,336</u>

2. The distribution of costs by major cost accounts as shown on the Performance and Evaluation Report dated July 16, 1999 for Project OH16-P001-704, as submitted to HUD for approval, is in agreement with the Authority's records.
3. Funds advanced for Project OH16-P001-704 totaled \$9,593,336.

Columbus Metropolitan Housing Authority
Schedule of Actual Modernization Costs
Projects OH16—P001—705

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

<u>Classification</u>	<u>OH16-P001-705</u>
Management improvements	\$ 780,135
Administration	540,975
Fees and costs	863,704
Site improvements	952,032
Dwelling structures	3,004,698
Nondwelling structures	1,524,769
Relocation costs	138,202
	<hr/>
Total costs	\$ 7,804,515
	<hr/>

2. The distribution of costs by major cost accounts as shown on the Performance and Evaluation Report dated December 3, 1999 for Project OH16-P001-705, as submitted to HUD for approval, is in agreement with the Authority's records.
3. Funds advanced for Project OH16-P001-705 totaled \$7,804,515.

Columbus Metropolitan Housing Authority
Schedule of Actual Modernization Costs
Projects OH16—URD001—P195

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

<u>Classification</u>	<u>OH16-URD001-P195</u>
Administration	\$ 63,995
Fees and costs	311,162
	<hr/>
Total costs	\$ 375,157
	<hr/>

2. The distribution of costs by major cost accounts as shown on the Performance and Evaluation Report dated September 21, 1999 for Project OH16-URD001-P195, as submitted to HUD for approval, is in agreement with the Authority's records.
3. Funds advanced for Project OH16-URD001-P195 totaled \$375,157.

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

Board of Commissioners
Columbus Metropolitan Housing Authority
Columbus, Ohio

We have audited the financial statements of the Columbus Metropolitan Housing Authority (the Authority) as of and for the year ended December 31, 1999, and have issued our report thereon dated March 31, 2000. We conducted our audit in accordance with auditing standards generally accepted in the United States; *Government Auditing Standards*, issued by the Comptroller General of the United States; and the applicable requirements of the *U.S. Department of Housing and Urban Development Audit Guide for Audits of Public Housing Agencies and Indian Housing Authorities by Independent Public Accountants*.

Compliance

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards* or the *U.S. Department of Housing and Urban Development Audit Guide for Audits of Public Housing Agencies and Indian Housing Authorities by Independent Public Accountants*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material

weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of commissioners and management of the Authority, the Department of Housing and Urban Development and the Auditor of the State of Ohio and is not intended to be and should not be used by anyone other than those specified parties.

PriceWaterhouseCoopers LLP

March 31, 2000

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

Board of Commissioners
Columbus Metropolitan Housing Authority
Columbus, Ohio

Compliance

We have audited the compliance of Columbus Metropolitan Housing Authority (the Authority) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement*; and the provisions of the *Public and Indian Housing Compliance Supplement* dated May 29, 1996, that are applicable to each of its major federal programs for the year ended December 31, 1999. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Authority's management. Our responsibility is to express an opinion on Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; 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 Organization and Public and Indian Housing Compliance Supplement* dated May 29, 1996. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 1999.

Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and *The Public and Indian Housing Compliance Supplement*.

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

This report is intended solely for the information and use of the Board of Commissioners and management of the Authority, the Department of Housing and Urban Development and the Auditor of the State of Ohio and is not intended to be and should not be used by anyone other than those specified parties.

PriceWaterhouseCoopers LLP

March 31, 2000

Columbus Metropolitan Housing Authority
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 1999

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?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
• Reportable condition(s) identified that are not considered to be material weaknesses	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

Federal Awards

Internal control over major programs:		
• Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
• Reportable condition(s) identified that are not considered to be material weaknesses?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported

Type of auditor's report issued on compliance for major programs:	Unqualified	
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.850	Low-Income Housing-PHA-Owned and Leased
14.859	Public Housing Modernization

Dollar threshold used to distinguish between type A and type B programs:	\$2,289,865
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Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no
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Columbus Metropolitan Housing Authority
Schedule of Findings and Questioned Costs
For the Year Ended December 1999

Section II - Financial Statement Findings

No matters were noted.

Section III -- Findings and Questioned Costs

No matters were noted.

Section IV -- Summary Schedule of Prior Audit Findings

No findings reported in prior audit report.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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COLUMBUS METROPOLITAN HOUSING AUTHORITY

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

By: Susan Babbitt

Date: JUNE 29, 2000