

Lucas Metropolitan Housing Authority

**Financial Report
with Additional Information
June 30, 2002**



**Auditor of State
Betty Montgomery**

Board of Commissioners
Lucas Metropolitan Housing Authority

We have reviewed the Independent Auditor's Report of the Lucas Metropolitan Housing Authority, Lucas County, prepared by Plante & Moran, PLLC for the audit period July 1, 2001 through June 30, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

February 27, 2003

This Page is Intentionally Left Blank.

Lucas Metropolitan Housing Authority

Contents

Report Letter	1-2
General Purpose Financial Statements	
Balance Sheet	3
Statement of Revenue and Expenses	4
Statement of Equity	5
Statement of Cash Flows	6
Notes to Financial Statements	7-16
Additional Information	
For the Year Ended June 30, 2002:	
Schedule of Assets, Liabilities, and Equity by Program	17-18
Schedule of Revenue and Expenses by Program	19-20
Schedule of Units Under Management	21
Actual Modernization Cost Certificate - Project Number OH12P006708	22

This Page is Intentionally Left Blank.



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

Independent Auditor's Report

To the Board of Commissioners
Lucas Metropolitan Housing Authority

We have audited the accompanying general purpose financial statements of the Lucas Metropolitan Housing Authority (the "Authority") as of June 30, 2002 and 2001 and for the years then ended, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2002 and 2001 and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The additional information included on pages 17 through 22 is presented for the purpose of additional analysis and is not a required part of the general purpose financial statements of the Lucas Metropolitan Housing Authority. Such information has been subjected to the auditing procedures applied in the audits of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.



To the Board of Commissioners
Lucas Metropolitan Housing Authority

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2002 on our consideration of the Lucas Metropolitan Housing Authority's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Plante & Moran, PLLC

November 1, 2002

Lucas Metropolitan Housing Authority

Balance Sheet

	June 30	
	2002	2001
Assets		
Current Assets		
Cash and cash equivalents	\$ 4,725,259	\$ 5,058,512
Investments	4,571,432	4,678,742
Due from other funds	-	-
Grants receivable	1,157,528	1,950,991
Tenant receivables - Net of allowance for doubtful accounts of \$42,051 and \$123,016 in 2002 and 2001, respectively	137,252	71,885
Interest receivable	79,763	78,772
Inventory	597,159	542,186
Prepaid expenses	433,658	469,807
Total current assets	11,702,051	12,850,895
Noncurrent Assets		
Restricted cash and investments	5,247,341	5,689,227
Work in process	5,516,816	6,151,590
Property and equipment - Net of accumulated depreciation of \$86,400,803 and \$79,846,426 in 2002 and 2001, respectively	63,871,522	66,538,191
Other assets	141,048	75,813
Total assets	\$ 86,478,778	\$ 91,305,716
Liabilities and Equity		
Current Liabilities		
Accounts payable	\$ 1,212,928	\$ 1,521,336
Accounts payable - HUD	1,135,532	1,408,393
Security and other trust deposits	444,629	427,714
Due to other funds	-	-
Deferred revenue	-	1,365,979
Accrued compensation	1,400,957	1,359,209
Other current liabilities	700,138	827,496
Total liabilities	4,894,184	6,910,127
Equity		
Contributed capital	68,367,808	68,367,808
Retained earnings	13,216,786	16,027,781
Total equity	81,584,594	84,395,589
Total liabilities and equity	\$ 86,478,778	\$ 91,305,716

Lucas Metropolitan Housing Authority

Statement of Revenue and Expenses

	Year Ended June 30	
	2002	2001
Revenue		
HUD grants	\$ 33,989,092	\$ 31,357,033
Rental income	5,149,582	5,292,748
Gain (loss) on sale of property and equipment	(68,391)	149,909
Other income	1,187,814	892,533
Interest income	391,940	781,215
Total revenue	40,650,037	38,473,438
Expenses		
Housing assistance payments	16,117,731	14,108,596
Administrative salaries	4,020,837	3,556,417
Utilities	3,410,275	3,927,959
Material and labor	5,359,595	4,850,154
Sundry administration	2,857,442	1,246,092
Employee benefits	1,692,240	1,341,378
Contract services	659,243	1,387,676
Resident services	1,555,600	1,770,629
General	1,001,542	1,654,921
Nonroutine maintenance	59,722	92,923
Protective service	47,563	63,472
Total expenses	36,781,790	34,000,217
Income - Before depreciation	3,868,247	4,473,221
Depreciation	6,679,242	6,691,218
Net Loss	\$ (2,810,995)	\$ (2,217,997)

Lucas Metropolitan Housing Authority

Statement of Equity

	Year Ended June 30	
	2002	2001
Retained Earnings - Beginning of year	\$ 16,027,781	\$ 11,717,441
Transfer from Contributed Capital for Depreciation	-	6,528,337
Net Loss	<u>(2,810,995)</u>	<u>(2,217,997)</u>
Retained Earnings - End of year	13,216,786	16,027,781
Contributed Capital - Beginning of year	68,367,808	74,896,145
Depreciation	<u>-</u>	<u>(6,528,337)</u>
Contributed Capital - End of year	<u>68,367,808</u>	<u>68,367,808</u>
Total Equity - End of year	<u>\$ 81,584,594</u>	<u>\$ 84,395,589</u>

Lucas Metropolitan Housing Authority

Statement of Cash Flows

	Year Ended June 30	
	2002	2001
Cash Flows from Operating Activities		
Net loss	\$ (2,810,995)	\$ (2,217,997)
Adjustments to reconcile net loss to net cash from operating activities:		
Depreciation	6,679,242	6,691,218
Gain (loss) on sale of property and equipment	68,391	(149,909)
Investment interest income	(391,940)	(781,215)
(Increase) decrease in operating assets:		
Receivables	694,297	(1,868,304)
Inventory	(54,973)	(179,864)
Prepaid expenses and other assets	3,722	(343,038)
Increase (decrease) in operating liabilities:		
Accounts payable	(581,269)	1,633,559
Accrued compensation	41,748	(129,024)
Deferred revenue and other current liabilities	(1,493,337)	2,105,344
Security and other trust deposits	16,915	(266,020)
Net cash provided by operating activities	2,171,801	4,494,750
Cash Flows from Capital and Related Financing Activities		
Proceeds from sale of property and equipment	311,118	149,909
Purchase of property and equipment	(3,757,308)	(4,753,951)
Net cash used in capital and related financing activities	(3,446,190)	(4,604,042)
Cash Flows from Investing Activities		
Investment interest income	391,940	781,215
Net other investment activity	549,196	(1,172,243)
Net cash flows from investing activities	941,136	(391,028)
Decrease in Cash and Cash Equivalents	(333,253)	(500,320)
Cash and Cash Equivalents - Beginning of year	5,058,512	5,558,832
Cash and Cash Equivalents - End of year	\$ 4,725,259	\$ 5,058,512

Lucas Metropolitan Housing Authority

Notes to Financial Statements
June 30, 2002 and 2001

Note 1 - Summary of Significant Accounting Policies

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

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

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

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

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

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

Lucas Metropolitan Housing Authority

Notes to Financial Statements
June 30, 2002 and 2001

Note 1 - Summary of Significant Accounting Policies (Continued)

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 cost (first-in, first-out method), which approximates market.

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

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

Investments - Investments are stated at fair value. Cost-based measures of fair value were applied to non-negotiable certificates of deposit and money market investments. Fair value of government securities, commercial paper, and the Star Ohio investments is determined using amounts confirmed by the investment's institutions and adjusting amounts as necessary for discounts, premiums, and/or interest income.

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

Reclassifications - Certain amounts in the 2001 financial statements have been reclassified to conform to the June 30, 2002 presentation.

Note 2 - Deposits and Investments

Deposits - The Authority's deposits and investments are included at their carrying values on the balance sheet under the following classifications:

	2002	2001
Cash and cash equivalents	\$ 4,725,259	\$ 5,058,512
Investments	4,571,432	4,678,742
Restricted cash and investments	5,247,341	5,689,227
Total	<u>\$ 14,544,032</u>	<u>\$ 15,426,481</u>

Lucas Metropolitan Housing Authority

Notes to Financial Statements June 30, 2002 and 2001

Note 2 - Deposits and Investments (Continued)

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

	<u>2002</u>	<u>2001</u>
Bank deposits (checking accounts, savings accounts, and certificates of deposit)	\$ 4,723,959	\$ 5,057,212
Investments in securities, bank investment pools, interlocal investment pools, commercial paper, and mutual funds	9,818,773	10,367,969
Petty cash or cash on hand	<u>1,300</u>	<u>1,300</u>
Total	<u>\$ 14,544,032</u>	<u>\$ 15,426,481</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. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

Lucas Metropolitan Housing Authority

Notes to Financial Statements
June 30, 2002 and 2001

Note 2 - Deposits and Investments (Continued)

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

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

The bank balances of the Authority's deposits are \$4,725,259 and \$5,058,512 at June 30, 2002 and 2001, respectively.

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

Category 1 \$100,000 was covered by federal depository insurance at June 30, 2002 and 2001.

Category 3 \$4,625,259 and \$4,958,512 was covered by collateral held by the pledging financial institution, but not in the name of the Authority at June 30, 2002 and 2001, respectively.

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

Lucas Metropolitan Housing Authority

Notes to Financial Statements
June 30, 2002 and 2001

Note 2 - Deposits and Investments (Continued)

Investments

HUD, State Senate, and Board Resolutions authorize the Authority to invest in obligations of U.S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository fund, super NOW accounts, sweep accounts, bonds and other obligations of this State, and the State Treasurer's investment pool. Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling 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. Star Ohio is not classified, since it is not evidenced by securities that exist in physical or book entry form. The Authority's investments, except Star Ohio, are all Category A and consist of the following at June 30:

	Carrying Amount	
	2002	2001
Government securities	\$ 8,856,815	\$ 7,207,679
Commercial paper	430,429	3,140,428
Star Ohio	531,529	19,862
Total investments	<u>\$ 9,818,773</u>	<u>\$ 10,367,969</u>

Lucas Metropolitan Housing Authority

Notes to Financial Statements June 30, 2002 and 2001

Note 3 - Property and Equipment

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

	<u>2002</u>	<u>2001</u>
Buildings and improvements	\$ 140,864,888	\$ 137,167,980
Land and improvements	6,580,814	6,592,394
Furniture and fixtures, equipment, and moving vehicles	<u>2,826,367</u>	<u>2,624,243</u>
Total property and equipment	150,272,069	146,384,617
Less accumulated depreciation	<u>(86,400,547)</u>	<u>(79,846,426)</u>
Net property and equipment	<u>\$ 63,871,522</u>	<u>\$ 66,538,191</u>

Note 4 - Administrative Fee

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

A. Vouchers and moderate rehabilitation:	
Vouchers: First 600 units	\$47.80/Unit
Vouchers: Remaining units	\$44.62/Unit
Moderate rehabilitation	\$47.80/Unit
B. New construction - All units	
	3.0 percent or approximately \$25.60/Unit

The total administrative fees received for the years ended June 30, 2002 and 2001 were \$1,727,095 and \$1,480,328, respectively.

Lucas Metropolitan Housing Authority

Notes to Financial Statements
June 30, 2002 and 2001

Note 5 - Retirement and Other Benefit Plans

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

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.50 percent of qualifying wages for all employees. The 2000 employer contribution rate was 8.13 percent of covered payroll (for July - December 2000), due to a 20 percent rollback, which PERS instituted to decrease the employer contribution rate. The 2001-2002 employer contribution rate was 13.55 percent. Required employer contributions are equal to 100 percent of the dollar amount billed to each employer and must be extracted from the employer's records.

The Authority's contributions to PERS for the years ended June 30, 2002, 2001, and 2000 were \$860,215, \$706,195, and \$831,140, respectively. All required contributions were made prior to each of those fiscal year ends.

The Public Employees' Retirement System of Ohio provides postretirement health care coverage to age and service retirees with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 2001 and 2000 employer contribution rates were 10.84 percent and 13.55 percent, respectively, of covered payroll; 4.30 percent was the portion that was used to fund health care. OPEB is financed through employer contributions and investment earnings thereon. The contributions allocated to retiree health and Medicare, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely.

As of December 31, 2000, the estimated net assets available for future OPEB payments were \$11,736,000 per the latest actuarial review. The number of active contributing participants was 411,076.

Lucas Metropolitan Housing Authority

Notes to Financial Statements
June 30, 2002 and 2001

Note 5 - Retirement and Other Benefit Plans (Continued)

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

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

For union personnel, in the event of termination of employment after 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). The employee is also entitled to receive payment for any accumulated and unused vacation time. In the event of the death of an employee, the designated beneficiary shall receive such payments.

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

Lucas Metropolitan Housing Authority

Notes to Financial Statements
June 30, 2002 and 2001

Note 6 - Compensated Absences (Continued)

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 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 5 years, 10 years, 15 years, and 20 years of service, respectively. Non-union personnel hired December 1, 2001 and thereafter are still 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 5 years, 10 years, 15 years, and 20 years of service, respectively. At June 30, 2002 and 2001, \$1,270,490 and \$1,216,140, respectively, of vested vacation, sick leave, and longevity was accrued by the Authority for both union and non-union personnel. Nonvested amounts are not material to the financial statements and have not been accrued.

Note 7 - Insurance

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

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 received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Authority. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Authority at June 30, 2002 and 2001.

Commitments - The Authority is obligated to complete modernization phases to renovate various facilities. There are currently two open phases totaling \$3,694,880, for which the Authority has approved funding from HUD to complete.

Lucas Metropolitan Housing Authority

Notes to Financial Statements
June 30, 2002 and 2001

Note 8 - Commitments and Contingencies (Continued)

Litigation and Claims - In the normal course of operations, the Authority may be subject to litigation and claims. At June 30, 2002 and 2001, 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 - Accounting and Reporting Changes

During the year ended June 30, 2001, the Authority adopted GASB Statement No. 33. In connection with this statement, all capital contributions from nonexchange transactions are reported as income transactions. The effect of the adoption was to increase net income for the year ended June 30, 2001 by approximately \$7,000,000. Beginning contributed capital and retained earnings for that year end were not adjusted for the cumulative effect of the change. For the year ended June 30, 2002, all capital transactions, including depreciation, have been reflected in income and changes to retained earnings.

For the year beginning July 1, 2002, the Authority has adopted GASB Statement No. 34. The change results in a combination of contributed capital into retained earnings. No activity for the year ended June 30, 2002 or any future years will reflect any contributed capital activity. For the year ending June 30, 2003 and all future years, additional information in the financial report will also include presentation of management's discussion and analysis.

Additional Information

Lucas Metropolitan Housing Authority

	Low Rent	Home Ownership	Section 8 Program
Assets			
Current Assets			
Cash and cash equivalents	\$ 832,310	\$ 16,292	\$ 2,886,956
Investments	2,155,153	-	1,838,279
Due from other funds	2,425,522	-	-
Grants receivable	-	-	80,294
Tenant receivables - Net	137,252	-	-
Interest receivable	26,345	-	-
Inventory	596,776	-	383
Prepaid expenses	432,436	-	882
Total current assets	6,605,794	16,292	4,806,794
Noncurrent Assets			
Restricted cash and investments	430,429	-	440,733
Work in process	-	-	-
Property and equipment - Net	63,664,751	-	51,333
Other assets	108,240	32,808	-
Total assets	<u>\$ 70,809,214</u>	<u>\$ 49,100</u>	<u>\$ 5,298,860</u>
Liabilities and Equity			
Current Liabilities			
Accounts payable	\$ 433,866	\$ 5,000	\$ 3,138
Accounts payable - HUD	-	-	1,135,532
Security and other trust deposits	444,629	-	-
Due to other funds	-	2,209	1,791,164
Accrued compensation	1,400,957	-	-
Other current liabilities	273,644	2,207	384,287
Total liabilities	2,553,096	9,416	3,314,121
Equity			
Contributed capital	66,923,385	(3,800)	38,504
Retained earnings	1,332,733	43,484	1,946,235
Total equity	68,256,118	39,684	1,984,739
Total liabilities and equity	<u>\$ 70,809,214</u>	<u>\$ 49,100</u>	<u>\$ 5,298,860</u>

**Schedule of Assets, Liabilities, and Equity by Program
June 30, 2002**

Comprehensive Grant Program	Resident Service Grants	Other	Elimination of Interfund Balances	Total
\$ -	\$ -	\$ 989,701	\$ -	\$ 4,725,259
-	-	578,000	-	4,571,432
-	366,837	1,545	(2,793,904)	-
844,811	232,423	-	-	1,157,528
-	-	-	-	137,252
-	-	53,418	-	79,763
-	-	-	-	597,159
-	-	340	-	433,658
844,811	599,260	1,623,004	(2,793,904)	11,702,051
-	-	4,376,179	-	5,247,341
5,387,163	-	129,653	-	5,516,816
-	-	155,438	-	63,871,522
-	-	-	-	141,048
<u>\$ 6,231,974</u>	<u>\$ 599,260</u>	<u>\$ 6,284,274</u>	<u>\$ (2,793,904)</u>	<u>\$ 86,478,778</u>
\$ 581,134	\$ 187,842	\$ 1,948	\$ -	\$ 1,212,928
-	-	-	-	1,135,532
-	-	-	-	444,629
134,713	411,418	454,400	(2,793,904)	-
-	-	-	-	1,400,957
-	-	40,000	-	700,138
715,847	599,260	496,348	(2,793,904)	4,894,184
1,242,577	-	167,142	-	68,367,808
4,273,550	-	5,620,784	-	13,216,786
5,516,127	-	5,787,926	-	81,584,594
<u>\$ 6,231,974</u>	<u>\$ 599,260</u>	<u>\$ 6,284,274</u>	<u>\$ (2,793,904)</u>	<u>\$ 86,478,778</u>

Lucas Metropolitan Housing Authority

	Low Rent	Home Ownership	Section 8 Program
Revenue			
HUD grants	\$ 8,463,678	\$ 28,934	\$ 17,995,531
Rental income	5,064,073	4,738	-
Gain (loss) on sale of property and equipment	(8,607)	28,665	-
Other income	520,434	30	248,788
Interest income	130,656	-	66,925
	<hr/>	<hr/>	<hr/>
Total revenue	14,170,234	62,367	18,311,244
Expenses			
Housing assistance payments	-	-	16,117,731
Administrative salaries	2,238,094	8,929	1,112,411
Utilities	3,303,627	3,101	22,493
Material and labor	3,254,568	-	3,422
Sundry administration	2,211,290	9,964	376,756
Employee benefits	1,297,062	2,716	341,086
Contract services	595,069	215	3,082
Resident services	144,530	-	-
General	876,718	3,635	36,463
Nonroutine maintenance	59,722	-	-
Protective service	46,028	-	-
	<hr/>	<hr/>	<hr/>
Total expenses	14,026,708	28,560	18,013,444
Income - Before depreciation	143,526	33,807	297,800
Depreciation	6,641,696	2,830	7,692
Net Income (Loss)	<u><u>\$ (6,498,170)</u></u>	<u><u>\$ 30,977</u></u>	<u><u>\$ 290,108</u></u>

**Schedule of Revenue and Expenses by Program
Year Ended June 30, 2002**

Comprehensive Grant Program	Resident Service Grants	Other	Total
\$ 6,239,998	\$ 1,260,951	\$ -	\$ 33,989,092
-	-	80,771	5,149,582
-	-	(88,449)	(68,391)
-	-	418,562	1,187,814
-	-	194,359	391,940
<u>6,239,998</u>	<u>1,260,951</u>	<u>605,243</u>	<u>40,650,037</u>
-	-	-	16,117,731
501,548	-	159,855	4,020,837
-	-	81,054	3,410,275
2,100,539	-	1,066	5,359,595
168,178	-	91,254	2,857,442
-	-	51,376	1,692,240
-	-	60,877	659,243
150,119	1,260,951	-	1,555,600
-	-	84,726	1,001,542
-	-	-	59,722
-	-	1,535	47,563
<u>2,920,384</u>	<u>1,260,951</u>	<u>531,743</u>	<u>36,781,790</u>
3,319,614	-	73,500	3,868,247
-	-	27,024	6,679,242
<u>\$ 3,319,614</u>	<u>\$ -</u>	<u>\$ 46,476</u>	<u>\$ (2,810,995)</u>

Lucas Metropolitan Housing Authority

Schedule of Units Under Management

The PHA had the following units under management at June 30, 2002 and 2001, respectively:

	Year Ended June 30	
	2002	2001
	(in Units)	
PHA owned housing	3,100	3,087
PHA home ownership:		
OH6-24	-	-
OH6-27	-	-
OH6-29	-	-
OH6-34	-	1
OH6-39	1	2
Certificates	-	196
Moderate rehabilitation - OH12-K006-004	110	110
Voucher	3,213	3,017
New construction:		
OH12-A009-003	120	120
OH12-A007-010	159	159
OH12-0014-044	40	40
OH12-A007-019	229	229
OH12-0016-003	30	30
OH12-0016-004	20	20
Total	<u>7,022</u>	<u>7,011</u>

**Actual Modernization
Cost Certificate**

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

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

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

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

Do not send this form to the above address.

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

HA Name: Lucas Metropolitan Housing Authority	Modernization Project Number: 0H12P006768
---	---

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

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

A. Original Funds Approved	\$ 6,114,093.00
B. Funds Disbursed	\$ 6,114,093.00
C. Funds Expended (Actual Modernization Cost)	\$ 6,114,093.00
D. Amount to be Recaptured (A-C)	\$
E. Excess of Funds Disbursed (B-C)	\$

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

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

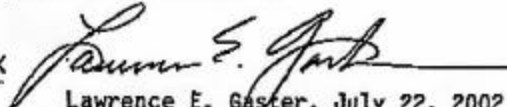
4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and

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

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


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

Signature of Executive Director & Date:

X 
Lawrence E. Gaster, July 22, 2002
Executive Director

For HUD Use Only

The Cost Certificate is approved for audit:

Approved for Audit (Director, Office of Public Housing / ONAP Administrator)	Date:
X  for 5145	8/9/02

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)	Date:
X	

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

form HUD-53001 (10/95)
ref Handbooks 7485.1 & 3

This Page is Intentionally Left Blank.

Lucas Metropolitan Housing Authority

**Federal Awards
Supplemental Information
June 30, 2002**

This Page is Intentionally Left Blank.

Lucas Metropolitan Housing Authority

Contents

Independent Auditor's Report	1
Report Letter on Compliance with Laws and Regulations and Internal Control - General Purpose Financial Statements	2-3
Report Letter on Compliance with Laws and Regulations and Internal Control - Major Federal Awards	4-5
Schedule of Expenditures of Federal Awards	6
Reconciliation of General Purpose Financial Statements	7
Notes to Schedule of Expenditures of Federal Awards	8
Schedule of Findings and Questioned Costs	9-11

This Page is Intentionally Left Blank.



Plante & Moran, PLLC

3434 Granite Circle
P.O. Box 353090
Toledo, OH 43635-3090
Tel: 419.843.6000
Fax: 419.843.6099
plantemoran.com

Independent Auditor's Report

The Board of Commissioners
Lucas Metropolitan Housing Authority

We have audited the general purpose financial statements of Lucas Metropolitan Housing Authority for the year ended June 30, 2002 and have issued our report thereon dated November 1, 2002. Those general purpose financial statements are the responsibility of the management of Lucas Metropolitan Housing Authority. Our responsibility was to express an opinion on those general purpose financial statements based on our audit.

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

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

Plante & Moran, PLLC

November 1, 2002



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

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

The Board of Commissioners
Lucas Metropolitan Housing Authority

We have audited the financial statements of The Lucas Metropolitan Housing Authority as of and for the year ended June 30, 2002 and have issued our report thereon dated November 1, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Lucas Metropolitan Housing Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lucas Metropolitan Housing Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. 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 operations that we consider to be material weaknesses.

The Board of Commissioners
Lucas Metropolitan Housing Authority

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

Plante & Moran, PLLC

November 1, 2002



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

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

The Board of Commissioners
Lucas Metropolitan Housing Authority

Compliance

We have audited the compliance of Lucas Metropolitan Housing Authority with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal programs for the year ended June 30, 2002. The major federal programs of Lucas Metropolitan Housing Authority are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs is the responsibility of Lucas Metropolitan Housing Authority's management. Our responsibility is to express an opinion on Lucas Metropolitan Housing Authority's compliance based on our audit.

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

In our opinion, Lucas Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.

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

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 operations that we consider to be material weaknesses.

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

Plante & Moran, PLLC

November 1, 2002

Lucas Metropolitan Housing Authority

Schedule of Expenditures of Federal Awards Year Ended June 30, 2002

LUCAS METROPOLITAN HOUSING AUTHORITY
TOLEDO, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2002

Federal Agency/Pass-through Agency Program Title	Federal CFDA Number	Contract Number	Grant Amount	Expenditures For the Year Ended June 30, 2002
<u>U.S. Department of Housing and Urban Development</u>				
Direct Programs:				
Low Income Public Housing	14.850	C-5005	8,463,678	\$ 8,463,678
Homeownership	14.850	039H	28,934	<u>28,934</u>
Total Low Income Public Housing				8,492,612
Lower Income Housing Assistance Program - Voucher	14.855	C-5035	12,890,639	12,890,639
Lower Income Section 8 Project Based Cluster:				
Lower Income Housing Assistance Program				
Moderate Rehabilitation	14.856	C-5035	622,141	622,141
Lower Income Housing Assistance Program				
New Construction	14.182	C-5035	4,434,551	<u>4,434,551</u>
Total Lower Income Section 8 Project Based Cluster				5,056,692
Public Housing Capital Fund Program 2000	14.872	501-00	6,247,899	2,928,436
Public Housing Capital Fund Program 2001	14.872	501-01	6,372,242	<u>2,846,497</u>
Total Public Housing Capital Fund Program				5,774,933
Comprehensive Grants Program	14.859	708-00	6,114,093	465,065
Public Housing Drug Elimination Program 2001	14.854	OH12-DEP	787,933	104,570
Public Housing Drug Elimination Program 2000	14.854	OH12-DEP	738,098	347,674
Public Housing Drug Elimination Program 1999	14.854	OH12-DEP	723,258	<u>390,112</u>
Total Public Housing Drug Elimination Program				842,356
Economic Development & Supportive Services: 2000	14.864	OH12-EDS	225,000	93,588
Resident Opportunities & Support Services: 1999	14.870	OH99RSF-133	250,000	98,394
Resident Opportunities & Support Services: 2001	14.870	OH01RSV-024	225,000	127,538
Resident Opportunities & Support Services: 2001	14.870	OH01RSF-109	500,000	<u>71,846</u>
Total Resident Opportunities & Support Services				<u>297,778</u>
Total Federal Assistance				\$ 33,913,663

Lucas Metropolitan Housing Authority

Reconciliation of General Purpose Financial Statements Federal Revenue with Schedule of Expenditures of Federal Awards Year Ended June 30, 2002

HUD grants - As reported on financial statements (includes all funds)	\$ 33,989,092
Less state and other revenue reported as HUD grant revenue	(75,429)
Federal expenditures per the schedule of expenditures of federal awards	<u>\$ 33,913,663</u>

Lucas Metropolitan Housing Authority

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2002

Note 1 - Significant Accounting Policies

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

Note 2 - Subrecipients

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

Federal Program	CFDA Number	Description	Amount
<i>Lower Income Section 8</i>			
Lower Income Housing Assistance Program New Construction	14.182	Passed through to various project owners	\$ <u>4,249,791</u>

Lucas Metropolitan Housing Authority

Schedule of Findings and Questioned Costs Year Ended June 30, 2002

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Reportable condition(s) identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major program(s):

- Material weakness(es) identified? Yes No
- Reportable condition(s) identified that are not considered to be material weaknesses? Yes None reported

Type of auditor's report issued on compliance for major program(s): Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes No

Identification of major program(s):

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

Dollar threshold used to distinguish between type A and type B programs: \$1,017,000

Auditee qualified as low risk auditee? Yes No

Lucas Metropolitan Housing Authority

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2002

Section II - Financial Statement Audit Findings

Reference Number	Findings
Current Year:	None noted.
Prior Year: 2001-1	<p>Grants receivable, accounts payable and fixed assets were not reconciled timely throughout the year.</p> <p>Finding had the potential to impact all programs so no specific program or CFDA # was identified.</p> <p>Resulted in no questioned costs.</p> <p>All accounts were reconciled at year end and Authority established procedures to ensure that accounts are now being reconciled on a timely and consistent basis. Authority also hired additional accounting staff to assist with completing reconciliations.</p>

Lucas Metropolitan Housing Authority

Schedule of Findings and Questioned Costs Year Ended June 30, 2002

Section III - Federal Program Audit Findings

Reference Number	Findings
Current Year:	None noted.
Prior Year: 2001-2	<p>Three tenant files of 25 tested did not contain the original application.</p> <p>CFDA# 14.852, Low Income Public Housing; no questioned costs.</p> <p>Files were of existing tenants that have been in the units for years. No recent files were missing any documentation from those tested for the year ended June 30, 2001 nor those tested for the year ended June 30, 2002. Required recertifications were in the file for these tenants. Authority now performs quality control audits to ensure that active tenant files contain all proper documentation.</p>



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

LUCAS METROPOLITAN HOUSING AUTHORITY

LUCAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 11, 2003**