

**MONROE METROPOLITAN HOUSING AUTHORITY
WOODSFIELD, OHIO**

**REPORT ON EXAMINATION OF
FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA**

Year Ended June 30, 2000

**Laura J. MacDonald, CPA, Inc.
3613 Reserve Commons Drive
Medina, Ohio 44256**



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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To the Board of Commissioners
Monroe Metropolitan Housing Authority
Woodsfield, Ohio

We have reviewed the Independent Auditor's Report of Monroe Metropolitan Housing Authority, Monroe County, prepared by Laura J. MacDonald, CPA, Inc., for the audit period July 1, 1999 to June 30, 2000. 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 Monroe Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

March 30, 2001

**MONROE METROPOLITAN HOUSING AUTHORITY
WOODSFIELD, OHIO
FINANCIAL STATEMENTS AND
SUPPLEMENTAL DATA
Year Ended June 30, 2000**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Monroe Metropolitan Housing Authority
Woodsfield, Ohio

I have audited the accompanying balance sheet of the Monroe Metropolitan Housing Authority as of June 30, 2000, and the related statements of revenues, expenses, and equity, and of cash flows for the year then ended. These financial statements are the responsibility of the Monroe Metropolitan Housing Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

The Authority has kept its records and has prepared its financial statements for previous years in accordance with the basis of accounting prescribed or permitted by the U.S. Department of Housing and Urban Development at that time, which followed a comprehensive basis of accounting other than generally accepted accounting principles. As described in Note 3 to the financial statements, the Authority has adopted the accrual basis of accounting as of July 1, 1999.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Monroe Metropolitan Housing Authority as of June 30, 2000, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued a report dated February 15, 2001 on my consideration of the Monroe Metropolitan Housing Authority's internal control over financial reporting and my 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 my audit.

To the Board of Commissioners
Monroe Metropolitan Housing Authority
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The accompanying Schedule of Federal Awards Expenditures 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 this Schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Laura J. MacDonald, CPA, Inc.
February 15, 2001

**MONROE METROPOLITAN HOUSING AUTHORITY
WOODSFIELD, OHIO
BALANCE SHEET -
-PROPRIETARY FUND TYPE
JUNE 30, 2000**

ASSETS

CURRENT ASSETS

Cash	\$	44,035	
Cash, restricted for Family Self Sufficiency Program		13,442	
Accounts receivable:			
HUD		13,181	
Tenants, net of allowance		3,792	
Prepaid expenses and other assets		<u>2,250</u>	
			<u>\$ 76,700</u>

LIABILITIES AND EQUITY

CURRENT LIABILITIES

Accounts payable:			
Trade	\$	612	
Other		3,887	
Accrued expenses		713	
Deferred revenue		38,852	
Escrowed deposits for Family Self Sufficiency Program		<u>13,442</u>	
			\$ 57,506

**LONG-TERM PORTION OF
ACCOUNTS PAYABLE-HUD**

10,735
10,735

EQUITY

Retained earnings		<u>8,459</u>	
			<u>8,459</u>
			<u>\$ 76,700</u>

Please refer to accompanying notes.

**MONROE METROPOLITAN HOUSING AUTHORITY
WOODSFIELD, OHIO
STATEMENT OF REVENUE, EXPENSE, AND EQUITY -
PROPRIETARY FUND TYPE
Year Ended June 30, 2000**

OPERATING REVENUE		
HUD grants		\$ 458,002
OPERATING EXPENSES		
Administrative	46,693	
Ordinary maintenance and operations	976	
General	1,992	
Housing assistance payments	<u>389,904</u>	
		<u>439,565</u>
NET INCOME FROM OPERATIONS		18,437
NON-OPERATING REVENUES		
Interest income	703	
Other	<u>125</u>	
		<u>828</u>
NET INCOME		19,265
EQUITY, BEGINNING OF YEAR		(12,033)
PRIOR PERIOD ADJUSTMENTS		<u>1,227</u>
EQUITY, END OF YEAR		<u><u>\$ 8,459</u></u>

Please refer to accompanying notes.

**MONROE METROPOLITAN HOUSING AUTHORITY
WOODSFIELD, OHIO
STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE
Year Ended June 30, 2000**

CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$	19,265
Adjustments to reconcile net income to net cash provided by operating activities:		
Prior period adjustments		1,227
(Increase) decrease in:		
Accounts receivable - HUD	(13,086)	
Accounts receivable - tenants	2,130	
Prepaid expenses	(2,250)	
Other assets	8,216	
Increase (decrease) in:		
Accounts payable - trade	(12,391)	
Accounts payable - HUD	(13,918)	
Accounts payable - other	534	
Accrued expenses	(1,059)	
Deferred revenue	38,852	
		<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$	<u>27,520</u>
NET INCREASE IN CASH		27,520
CASH AT BEGINNING OF YEAR		<u>16,515</u>
CASH AT END OF YEAR	\$	<u><u>44,035</u></u>

Please refer to accompanying notes.

**MONROE METROPOLITAN HOUSING AUTHORITY
WOODSFIELD, OHIO
NOTES TO FINANCIAL STATEMENTS
June 30, 2000**

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Monroe Metropolitan Housing Authority (the Authority) is a political subdivision of the State of Ohio, created under Section 3735.27 of the Ohio Revised Code. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide safe and sanitary housing for people in low to moderate income brackets, through rent subsidies provided by HUD.

Accounting Basis

The accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with generally accepted accounting principles. Under this method, revenues are recognized when they are earned and measurable, and expenditures are recognized as incurred.

In accordance with Statement Number 20 of the Government Accounting Standards Board, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Authority follows GASB guidance applicable to proprietary funds as well as 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.

Fund Accounting

The Authority uses fund accounting to segregate activity by program. The fund of the Authority is of a proprietary fund type and is classified as an enterprise fund. Enterprise funds are used to account for operations that are operated in a manner similar to private business enterprises. During the year ended June 30, 2000, the Authority had one enterprise fund; for the Section 8 Rental Voucher Program.

Cash and Investments

Investment procedures are restricted by HUD regulations and by the provisions of the Ohio Revised Code. Purchased investments are valued at cost.

HUD Handbook 7475.1, Chapter 4, Section 1 authorizes the Authority to make investments in:

- Direct Obligations of the Federal Government
- Obligations of Federal Government Agencies
- Securities of Government-Sponsored Agencies
- Demand and Savings Deposits
- Certificates of Deposits

**MONROE METROPOLITAN HOUSING AUTHORITY
WOODSFIELD, OHIO
NOTES TO FINANCIAL STATEMENTS
June 30, 2000**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES
(Continued)**

The Authority's cash and investment balances with banks as of June 30, 2000 were as follows:

<u>Annual Contribution Contract</u>	<u>Bank Balance</u>	<u>Book Balance</u>	<u>Market Value</u>
Section 8 Housing (C-5102)	<u>\$ 58,451</u>	<u>\$ 57,447</u>	<u>\$ 57,447</u>

As of June 30, 2000, the bank balance consisted of \$58,451 in demand deposits. These deposits were collateralized in full by Federal Depository Insurance.

Restricted Cash

Deposits associated with the operation of the Family Self Sufficiency Program are required to be held in a separate account and generally are not available for operating purposes.

Deferred Revenue

Deferred revenue represents unexpended housing assistance receipts for fiscal 2001, received in fiscal 2000.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Actual results could vary from the estimates that were used.

Statement of Cash Flows

The Statement of Cash Flows is presented in accordance with Government Accounting Standards Board Statement No. 9. The Authority considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. There were no cash payments for interest or income taxes during the year ended June 30, 2000.

NOTE 2 – INSURANCE COVERAGE

As of June 30, 2000, the Authority had general liability insurance of \$1,000,000 (each occurrence and in the aggregate) commercial property coverage of approximately \$12,000; and vehicle liability coverage of \$2,000,000.

MONROE METROPOLITAN HOUSING AUTHORITY
WOODSFIELD, OHIO
NOTES TO FINANCIAL STATEMENTS
June 30, 2000

NOTE 3 – CHANGE IN ACCOUNTING BASIS

Effective July 1, 1999, the Authority adopted the accrual basis of accounting in conformity with generally accepted accounting principles, to conform to the latest requirements of the U.S. Department of Housing and Urban Development (HUD), effective January 1, 1999. Prior to this time, the Authority's financial statements were prepared in accordance with HUD requirements at that time, which followed a comprehensive basis of accounting other than generally accepted accounting principles. As a result of this change in accounting basis, equity has been increased by \$1,227 to retroactively reflect this change in accounting.

SUPPLEMENTAL DATA

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**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTAL DATA**

To the Board of Commissioners
Monroe Metropolitan Housing Authority
Woodsfield, Ohio

My report on my audit of the basic financial statements of Monroe Metropolitan Housing Authority, as of and for the year ended June 30, 2000 appears on page 1. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, for the purpose of forming an opinion on the basic financial statements taken as a whole. The information included in the accompanying Supplemental Schedule of Revenue and Expense is presented only for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Laura J. MacDonald, CPA, Inc.
February 15, 2001

MONROE METROPOLITAN HOUSING AUTHORITY
WOODSFIELD, OHIO
SUPPLEMENTAL SCHEDULE OF REVENUE AND EXPENSE
YEAR ENDED JUNE 30, 2000

LINE ITEM #	ACCOUNT DESCRIPTION	SECTION 8 RENTAL VOUCHER PROGRAM
	REVENUE:	
	<u>HUD Grants:</u>	
706	HUD PHA grants	\$ 458,002
711	Interest income	703
715	Other revenue	125
	TOTAL REVENUES	<u>458,830</u>
	EXPENSES:	
	<u>Administrative:</u>	
911	Administrative salaries	22,925
912	Auditing fees	2,410
915	Employee benefit contributions - administrative	6,095
916	Other operating - administrative	15,263
		<u>46,693</u>
	<u>Ordinary maintenance and operations:</u>	
942	Materials and Other	976
	<u>General Expenses:</u>	
961	Insurance premiums	1,992
973	Housing assistance payments	389,904
		<u>391,896</u>
	TOTAL EXPENSES	<u>439,565</u>
1000	EXCESS OF OPERATING REVENUES OVER EXPENSES	<u>\$ 19,265</u>

Please refer to auditor's report on supplemental data.

**MONROE METROPOLITAN HOUSING AUTHORITY
WOODSFIELD, OHIO
SCHEDULE OF FEDERAL AWARDS EXPENDITURES*
Year Ended June 30, 2000**

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>ANNUAL CONTRIBUTION CONTRACT NO.</u>	<u>FEDERAL EXPENDITURES</u>
U.S. Department of Housing and Urban Development:			
Housing Assistance Payments Program:			
Section 8 Rental Voucher Program	14.855	C-5102	<u>439,565</u>
			<u>\$ 439,565</u>

*This schedule has been prepared on the accrual basis of accounting.

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**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners
Monroe Metropolitan Housing Authority
Woodsfield, Ohio

I have audited the financial statements of the Monroe Metropolitan Housing Authority as of and for the year ended June 30, 2000, and have issued my report thereon dated February 15, 2001. I conducted my audit in accordance with generally accepted auditing standards 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 the Monroe Metropolitan Housing Authority's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my 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 my audit, I considered the Monroe Metropolitan Housing Authority's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended 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.

Laura J. MacDonald, CPA, Inc.
February 15, 2001

LAURA J. MACDONALD, CPA, INC.

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**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Commissioners
Monroe Metropolitan Housing Authority
Woodsfield, Ohio

Compliance

I have audited the compliance of the Monroe Metropolitan Housing Authority with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program in addition to the provisions of Public and Indian Housing Notice 97-30 for the year ended June 30, 2000. The Monroe Metropolitan Housing Authority's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Monroe Metropolitan Housing Authority's management. My responsibility is to express an opinion on the Monroe Metropolitan Housing Authority's compliance based on my audit.

I conducted my audit of compliance in accordance with generally accepted auditing standards; 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 I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Monroe Metropolitan Housing Authority's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the Monroe Metropolitan Housing Authority's compliance with those requirements.

In my opinion, the Monroe Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2000.

Internal Control Over Compliance

The management of the Monroe 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 my audit, I considered the Monroe 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 my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Monroe Metropolitan Housing Authority
Woodsfield, Ohio
Page 2

My 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. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended 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.

Laura J. MacDonald, CPA, Inc.
February 15, 2001

**MONROE METROPOLITAN HOUSING AUTHORITY
WOODSFIELD, OHIO
SCHEDULE OF FINDINGS
June 30, 2000**

I. SUMMARY OF AUDITOR'S RESULTS

Type of Financial Statement Opinion	Unqualified
Were there any material control weakness conditions reported at the financial statement level (Generally Accepted Government Auditing Standards)?	No
Were there any other reportable control weakness conditions reported at the financial statement level (Generally Accepted Government Auditing Standards)?	No
Was there any material reported noncompliance at the financial statement level (Generally Accepted Government Auditing Standards)?	No
Were there any material internal control weakness conditions reported for major federal programs?	No
Were there any other reportable internal control weakness conditions reported for major federal programs?	No
Type of Major Programs' Compliance Opinion	Unqualified
Are there any reportable findings under Section 510?	No
Major Programs:	Housing Assistance Payments Program: Section 8 Vouchers (CFDA 14.855)
Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: All others
Low Risk Auditee?	Yes

II. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

NONE

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE

**MONROE METROPOLITAN HOUSING AUTHORITY
WOODSFIELD, OHIO
GENERAL COMMENTS
Year Ended June 30, 2000**

ACTIVITIES OF THE AUTHORITY

The Monroe Metropolitan Housing Authority had 164 units under lease as of June 30, 2000 as follows:

	<u>Units</u>
Section 8 Program:	
Project Number: OH 058 VO	<u>164</u>

AUDIT ADJUSTMENTS

There were no audit adjustment made as of June 30, 2000 and for the year then ended.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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MONROE METROPOLITAN HOUSING AUTHORITY

MONROE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 10, 2001**