

Clinton Metropolitan Housing Authority  
General Purpose Financial Statements  
For the Year Ended December 31, 2002





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Clinton Metropolitan Housing Authority  
478 Thorne Avenue  
Wilmington, Ohio 45177

We have reviewed the Independent Auditor's Report of the Clinton Metropolitan Housing Authority, Clinton County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period January 1, 2002 through December 31, 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 Clinton 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

October 24, 2003

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CLINTON METROPOLITAN HOUSING AUTHORITY  
AUDIT REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2002

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1-2
Combined Balance Sheet - Proprietary Fund Type - Enterprise Fund	3
Combined Statement of Revenues, Expenses and Changes in Retained Earnings - Proprietary Fund Type - Enterprise Fund	4
Combined Statement of Cash Flows - Proprietary Fund Type – Enterprise Fund	5
Notes to the General Purpose Financial Statements	6-12
Supplemental Data:	
Combining Balance Sheet - (FDS Schedule Format)	13-14
Combining Statement of Revenues, Expenses and Changes in Retained Earnings - (FDS Schedule Format)	15-17
Schedule of Expenditures Federal Awards	18
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	19-20
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	21-22
Schedule of Findings and Questioned Costs	23-25
Schedule of Prior Audit Findings	26

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### Independent Auditors' Report

Board of Directors  
Clinton Metropolitan Housing Authority

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

I have audited the accompanying general purpose financial statements of Clinton Metropolitan Housing Authority, Ohio, as of and for the year ended December 31, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the Clinton Metropolitan Housing Authority, Ohio, management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my 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 I 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 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.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Clinton Metropolitan Housing Authority, Ohio, as of December 31, 2002, and the results of its operations and the cash flows of its proprietary fund for the year then ended in conformity with accounting principles generally accepted in the United State of America.

As Discussed in Note 7, due it its size, Clinton Metropolitan Housing Authority is having difficulty to generate sufficient revenues to continue to meet its obligations as they become due. This condition raises substantial doubt about its ability to continue as a going concern. The general purpose financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with *Government Auditing Standards*, I have also issued a report dated August 1, 2003, on my consideration of Clinton Metropolitan Housing Authority, Ohio'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 result of my audit.

My Audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Clinton Metropolitan Housing Authority, Ohio. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government and Non-Profit Organizations* and is not a required part of the general purpose financial statements. The combining financial data schedule ("FDS") is presented for purposes additional analysis as required by the Department of Housing and Urban Development and is not a required part of the general purpose 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 presented in all material respect in relation to the basic financial statements taken as a whole.



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Salvatore Consiglio  
Certified Public Accountant

August 1, 2003



Clinton Metropolitan Housing Authority  
 Combined Balance Sheet  
 Proprietary Fund Type  
 Enterprise Fund  
 December 31, 2002

**ASSETS**

CURRENT ASSETS:

Cash and Cash Equivalents	\$41,864
Accounts Receivables – Net of Allowance	52,040
Deferred Charges and Other Assets	6,931

TOTAL CURRENT ASSETS	100,835
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Fixed Assets - Net of Accumulated Depreciation	1,557,966
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TOTAL ASSETS	\$1,658,801
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**LIABILITIES AND FUND EQUITY**

LIABILITES:

Accounts Payable	\$100
Intergovernmental Payables	22,523
Accrued Compensated Absences – Current Portion	3,202
Accrued Wages and Payroll Taxes	20,288
Tenant Security Deposits	5,142

TOTAL LIABILITES	51,255
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FUND EQUITY:

Total Contributed Capital	1,714,903
Retained Earnings – Unreserved	(107,357)

TOTAL FUND EQUITY	1,607,546
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TOTAL LIABILITIES AND FUND EQUITY	\$1,658,801
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The accompanying notes to the general purpose financial statements are an integral part of these statements.

Clinton Metropolitan Housing Authority  
 Combined Statement of Revenue, Expenses and Change in Fund Equity  
 Proprietary Fund Type  
 Enterprise Fund  
 For the Year Ended December 31, 2002

**REVENUES**

Tenant Rental Revenue	\$28,128
Grant Revenue	1,411,353
Investment Income	459
Other Income	1,395
	1,441,335
<b>TOTAL REVENUES</b>	<b>1,441,335</b>

**EXPENSES**

Administrative Expenses	228,517
Utilities Expenses	28,743
Ordinary Maintenance and Operation	59,534
General Expenses	14,850
Housing Assistance Expenses	917,495
Depreciation Expense	138,644
	1,387,783
<b>TOTAL EXPENSES</b>	<b>1,387,783</b>

EXCESS (DEFICIENCY) OF TOTAL REVENUE OVER (UNDER) TOTAL EXPENSES	53,552
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Beginning Retained Earnings	1,553,061
Prior Period Adjustment	933
	1,553,994
<b>ENDING RETAINED EARNINGS</b>	<b>\$1,607,546</b>

The accompanying notes to the general purpose financial statements are an integral part of these statements.

Clinton Metropolitan Housing Authority  
 Combined Statement of Cash Flows  
 Proprietary Fund Type  
 Enterprise Fund  
 For the Year Ended December 31, 2002

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Net Operating Income/(Loss)	\$53,552
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities	
- Depreciation	138,644
- (Increases) Decreases in Accounts Receivable	18,793
- (Increases) Decreases in Prepaid Expenses	(4,806)
- Increases (Decreases) Accounts Payable	(14,898)
- Increases (Decreases) Accrued Wages and Payroll Taxes Payable	17,704
- Increases (Decreases) Intergovernmental Payables	20,166
- Increases (Decreases) Accrued Compensated Absences – Current Portion	(985)
- Increases (Decreases) Tenant Security Deposits	1,345
Total Adjustments	175,963

NET CASH PROVIDED BY OPERATING ACTIVITIES 229,515

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Purchase of Assets (203,675)

NET CASH USED IN FINANCING ACTIVITIES (203,675)

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 25,840

CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR 16,024

**CASH AND CASH EQUIVALENTS - END OF YEAR** **\$41,864**

The accompanying notes to the general purpose financial statements are an integral part of these statements.

CLINTON METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Summary of Significant Accounting Policies**

The financial statements of the Clinton Metropolitan Housing Authority (the Authority) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

**Reporting Entity**

The Clinton Metropolitan Housing Authority was created under the Ohio Revised Code, Section 3735.27. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate.

The accompanying general purpose financial statements comply with the provision of Governmental Accounting Standards Board (GASB) Statement 14, the Financial Reporting Entity, in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

Section 2100 indicates that the reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's government body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

CLINTON METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002  
(CONTINUED)

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government a) is entitled to the organization's resources; b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or c) is obligated in some manner for the debt of the organization.

Management believes the financial statements included in this report represent all of the funds of the Authority over which the Authority is financially accountable.

**Fund Accounting**

The Authority uses the proprietary fund to report on its financial position and the results of its operations for the HUD programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Funds are classified into three categories: governmental, proprietary and fiduciary. The Authority uses the proprietary category for its programs.

**Proprietary Fund Types**

Proprietary funds are used to account for the Authority's ongoing activities, which are similar to those found in the private sector. The following is the proprietary fund type:

Enterprise Fund - This fund is used to account for the operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**Measurement Focus/Basis of Accounting**

The proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the

CLINTON METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002  
(CONTINUED)

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

period incurred. 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 FASB 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.

**Fixed Assets**

Fixed assets are stated at cost and depreciation is computed using the straight line method over an estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized.

**Cash and Cash Equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

**Compensated Absences**

The Authority accounts for compensated absences in accordance with GASB Statement No. 16. Sick leave and other compensated absences with similar characteristics are accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments. To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. All employees who meet the termination policy of the Authority for years of service are included in the calculation of the compensated absence accrual amount.

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: (1) the employees' rights to receive compensation are attributable to services already rendered and are not contingent on a specific event that is outside the control of the employer and employee. (2) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

In the proprietary fund, the compensated absences are expensed when earned with the amount reported as a fund liability.

CLINTON METROPOLITAN HOUSING AUTHORITY  
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2002  
 (CONTINUED)

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Budgetary Accounting**

The Authority annually prepares its budget as prescribed by the Department of Housing and Urban Development. This budget is submitted to the Department of Housing and Urban Development and once approved is adopted by the Board of the Housing Authority.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2: CASH AND INVESTMENTS**

Deposits – The PHA deposits are categorized to give an indication of the level of risk assumed by the PHA at fiscal year end. The categories are described as follows:

Category 1 – Insured or collateralized with securities held by the PHA or by its agent in the PHA’s name.

Category 2 – Collateralized with securities held by the pledging financial institution’s trust department or agent in the PHA’s name.

Category 3 – Uncollateralized.

Deposits, categorized by level of risk, are:

<u>DESCRIPTION</u>	<u>BANK BALANCE</u>	<u>CATEGORY</u>			<u>CARRYING AMOUNT</u>
		<u>1</u>	<u>2</u>	<u>3</u>	
Cash and Cash Equivalents	\$81,464	\$81,464	\$0	\$0	\$41,864

The Authority did not have investments at December 31, 2002. The carrying amount of \$41,864 includes a petty cash amount of \$100.

CLINTON METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002  
(CONTINUED)

**NOTE 3: RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending December 31, 2002 the Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

Settled claims have not exceeded this coverage in any of the last three years. There has been no significant reduction in coverage from last year.

**NOTE 4: FIXED ASSETS**

The following is a summary:

Land	\$-0-
Buildings	1,430,344
Furniture, Machinery and Equipment	104,057
Leasehold Improvement	<u>1,499,502</u>
 Total Fixed Assets	 3,033,903
Accumulated Depreciation	<u>(1,475,937)</u>
 Net Fixed Assets	 <u>\$1,557,966</u>

The following is a summary of changes:

	<b>Balance 12/31/01</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 12/31/02</b>
Land	\$0	\$0	\$0	\$-0-
Buildings	1,430,344	0	0	1,430,344
Furnt, Mach. and Equip.	79,993	31,915	7,851	104,057
Leasehold Improvement	<u>1,327,742</u>	<u>171,760</u>	<u>0</u>	<u>1,499,502</u>
 Total Fixed Assets	 <u>\$2,838,079</u>	 <u>\$203,675</u>	 <u>\$7,851</u>	 <u>\$3,033,903</u>

The depreciation expense for the year ended December 31, 2002 was \$138,644.



CLINTON METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002  
(CONTINUED)

**NOTE 5: DEFINED BENEFIT PENSION PLANS -PUBLIC EMPLOYEES  
RETIREMENT SYSTEM**

All employees participate in the Public Employees Retirement System of Ohio (PERS), a cost sharing multiple employer public employee retirement system administered by the Public Employee Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code establishes benefits. PERS issues a stand-alone financial report, which may be obtained by writing to the Public Employee Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The employer contribution rate was 13.55 percent of covered payroll. The Authority's required contributions to PERS for the years ended December 31, 2002, 2001 and 2000 were \$19,506, \$16,172, and \$14,395, respectively. The full amount has been contributed for 2001 and 2000. Eighty percent has been contributed for 2002, with the remainder being reported as a liability with the enterprise fund.

**NOTE 6: POSTEMPLOYMENT BENEFITS PUBLIC EMPLOYEES  
RETIREMENT SYSTEM**

The Public Retirement System of Ohio (PERS) provides post-retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health 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 post-retirement health care based on authority granted by State statute. The Ohio Revised Code provides the statutory authority requiring public employers to fund pension and postretirement health care through their contributions to PERS. The portion of employer contributions rate used to fund health care for 2002 and 2001 was 4.3 percent of cover payroll.

The significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 2000, include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually for inflation (assuming no change in the number of active employees) and an additional increase in total payroll of between .54 percent and 5.1 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.75 percent annually.

CLINTON METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002  
(CONTINUED)

**NOTE 6: POSTEMPLOYMENT BENEFITS PUBLIC EMPLOYEES  
RETIREMENT SYSTEM** (Continued)

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

Benefits are advance-funded using the entry age normal cost method. The number of active contributing participants was 411,076. The actuarial value of PERS of Ohio net assets available for OPEB at December 31, 2000 was \$11,735.9 million. The actuarially accrued liability and the unfounded actuarial accrued liability, based on the actuarial cost method used, were \$14,364.6 million and \$2,628.7 million, respectively.

**NOTE 7: GOING CONCERN**

Clinton Metropolitan Housing Authority manages 29 public housing units and 227 section 8 vouchers. This classifies Clinton as a small housing authority. Due to its size, Clinton is limited to the total administration fees it can earn. The fees earned and the operating subsidy provided by HUD is not sufficient to cover the Authority operating expenses.

The PHA is receiving aid from TARC, Trouble Agency Recovery Center, a department of HUD, specializing in helping financially trouble authority. However, unless the PHA can generate additional revenues, its financial position may not improve.

**NOTE 8: SCHEDULE OF EXPENDITURE OF FEDERAL AWARD**

The accompanying schedule of expenditure of federal award is a summary of the activity of the Authority's federal programs. This schedule has been prepared on the accrual basis of accounting.

**NOTE 9: RELATED PARTY TRANSACTIONS**

During the fiscal year the PHA borrow \$25,000 from the Executive Director to help with cash follows. The loan was repaid with no interest.

Clinton Metropolitan Housing Authority  
Combining Balance Sheet  
FDS Schedule Submitted To REAC  
Proprietary Fund Type – Enterprise Fund  
December 31, 2002

Line Item No.	Account Description	Low Rent Public Housing	Comprehensive Improvement Assistance Program	Housing Choice Voucher Program	Public Housing Capital Fund Program	Other Federal Program 1	Total
111	Cash – Unrestricted	\$8,016	\$0	\$33,848	\$0	\$0	\$41,864
100	Total Cash	8,016	0	33,848	0	0	41,864
122	Accounts Receivable - HUD Other Projects	0	0	0	47,327	3,188	50,515
126	Accounts Receivable - Tenants - Dwelling Rents	1,423	0	0	0	0	1,423
126.1	Allowance for Doubtful Accounts - Dwelling Rents	-698	0	0	0	0	-698
128	Fraud Recovery	0	0	1,000	0	0	1,000
128.1	Allowance for Doubtful Accounts - Fraud	0	0	-200	0	0	-200
120	Total Receivables, net of allowances for doubtful accounts	725	0	800	47,327	3,188	52,040
142	Prepaid Expenses and Other Assets	5,840	0	1,091	0	0	6,931
144	Interprogram Due From	64,368	0	0	0	0	64,368
150	Total Current Assets	78,949	0	35,739	47,327	3,188	165,203
162	Buildings	1,430,344	0	0	0	0	1,430,344
163	Furniture, Equipment & Machinery - Dwellings	12,843	1,452	0	4,537	0	18,832
164	Furniture, Equipment & Machinery - Administration	39,086	13,904	0	32,235	0	85,225
165	Leasehold Improvements	1,301,352	156,538	0	41,612	0	1,499,502
166	Accumulated Depreciation	-1,448,504	-19,864	0	-7,569	0	-1,475,937
160	Total Fixed Assets - Net Accumulated Depreciation	1,335,121	152,030	0	70,815	0	1,557,966

Clinton Metropolitan Housing Authority  
Combining Balance Sheet  
FDS Schedule Submitted To REAC  
Proprietary Fund Type – Enterprise Fund  
December 31, 2002

Line Item No.	Account Description	Low Rent Public Housing	Comprehensive Improvement Assistance Program	Housing Choice Voucher Program	Public Housing Capital Fund Program	Other Federal Program 1	Total
180	Total Non-Current Assets	1,335,121	152,030	0	70,815	0	1,557,966
190	Total Assets	\$1,414,070	\$152,030	\$35,739	\$118,142	\$3,188	\$1,723,169
312	Accounts payable < 90 days	\$100	\$0	\$0	\$0	\$0	\$100
321	Accrued Wage/Payroll Taxes Payable	20,288	0	0	0	0	20,288
322	Accrued Compensated Absences - Current	958	0	2,244	0	0	3,202
331	Accounts Payable - HUD PHA Programs	0	0	19,733	0	0	19,733
333	Accounts Payable - Other Government	2,790	0	0	0	0	2,790
341	Tenant Security Deposits	5,142	0	0	0	0	5,142
347	Interprogram Due To	0	0	13,853	47,327	3,188	64,368
300	Total Liabilities	29,278	0	35,830	47,327	3,188	115,623
504	Net HUD PHA Contributions	1,581,491	18,412	0	0	0	1,599,903
507	Other Contributions	115,000	0	0	0	0	115,000
508	Total Contributed Capital	1,696,491	18,412	0	0	0	1,714,903
511	Total Reserved Fund Balance	0	0	0	0	0	0
512	Undesignated Fund Balance/Retained Earnings	-311,699	133,618	-91	70,815	0	-107,357
513	Total Equity/Net Assets	1,384,792	152,030	-91	70,815	0	1,607,546
600	Total Liabilities and Equity/Net Assets	\$1,414,070	\$152,030	\$35,739	\$118,142	\$3,188	\$1,723,169

Clinton Metropolitan Housing Authority  
Combining Statement of Revenue, Expenses and Change In Retained Earnings  
FDS Schedule Submitted To REAC  
Proprietary Fund Type – Enterprise Fund  
December 31, 2002

Line Item No.	Account Description	Low Rent Public Housing	Comprehensive Improvement Assistance Program	Housing Choice Voucher Program	Public Housing Capital Fund Program	Other Federal Program 1	Total
703	Net Tenant Rental Revenue	\$25,293	\$0	\$0	\$0	\$0	\$25,293
704	Tenant Revenue – Other	2,835	0	0	0	0	2,835
705	Total Tenant Revenue	28,128	0	0	0	0	28,128
706	HUD PHA Operating Grants	106,030	1,141	1,060,970	17,550	21,987	1,207,678
706.1	Capital Grants	0	130,149	0	73,526	0	203,675
711	Investment Income - Unrestricted	172	0	287	0	0	459
715	Other Revenue	1,200	0	195	0	0	1,395
700	Total Revenue	135,530	131,290	1,061,452	91,076	21,987	1,441,335
911	Administrative Salaries	31,450	0	63,794	0	0	95,244
912	Auditing Fees	4,140	0	3,942	0	0	8,082
913	Outside Management Fees	0	0	0	3,963	21,895	25,858
914	Compensated Absences	6,128	0	8,842	0	0	14,970
915	Employee Benefit Contributions - Administrative	13,096	0	21,200	0	0	34,296
916	Other Operating - Administrative	18,726	0	20,244	11,005	92	50,067
931	Water	17,257	0	0	0	0	17,257
932	Electricity	9,066	0	0	0	0	9,066
933	Gas	2,420	0	0	0	0	2,420
941	Ordinary Maintenance and Operations - Labor	17,304	0	0	0	0	17,304
942	Ordinary Maintenance and Operations - Materials and Other	11,850	0	0	0	0	11,850

Clinton Metropolitan Housing Authority  
Combining Statement of Revenue, Expenses and Change In Retained Earnings  
FDS Schedule Submitted To REAC  
Proprietary Fund Type – Enterprise Fund  
December 31, 2002

Line Item No.	Account Description	Low Rent Public Housing	Comprehensive Improvement Assistance Program	Housing Choice Voucher Program	Public Housing Capital Fund Program	Other Federal Program 1	Total
943	Ordinary Maintenance and Operations - Contract Costs	19,320	1,141	285	2,582	0	23,328
945	Employee Benefit Contributions - Ordinary Maintenance	7,052	0	0	0	0	7,052
961	Insurance Premiums	13,375	0	0	0	0	13,375
964	Bad Debt - Tenant Rents	1,475	0	0	0	0	1,475
969	Total Operating Expenses	172,659	1,141	118,307	17,550	21,987	331,644
970	Excess Operating Revenue over Operating Expenses	-37,129	130,149	943,145	73,526	0	1,109,691
973	Housing Assistance Payments	0	0	917,495	0	0	917,495
974	Depreciation Expense	122,058	9,827	0	6,759	0	138,644
900	Total Expenses	294,717	10,968	1,035,802	24,309	21,987	1,387,783
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	-159,187	120,322	25,650	66,767	0	53,552
1103	Beginning Equity	1,543,979	31,708	-26,674	4,048	0	1,553,061
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	0	0	933	0	0	933
	Ending Equity	\$1,384,792	\$152,030	-\$91	\$70,815	\$0	\$1,607,546

Clinton Metropolitan Housing Authority  
Combining Statement of Revenue, Expenses and Change In Retained Earnings  
FDS Schedule Submitted To REAC  
Proprietary Fund Type – Enterprise Fund  
December 31, 2002

Line Item No.	Account Description	Low Rent Public Housing	Comprehensive Improvement Assistance Program	Housing Choice Voucher Program	Public Housing Capital Fund Program	Other Federal Program 1	Total
1112	Depreciation Add Back	\$0	\$0	\$0	\$0	\$0	\$0
1113	Maximum Annual Contributions Commitment (Per ACC)	0	0	1,036,861	0	0	1,036,861
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	0	0	0	0	0	0
1115	Contingency Reserve, ACC Program Reserve	0	0	208,313	0	0	208,313
1116	Total Annual Contributions Available	<u>\$0</u>	<u>\$0</u>	<u>\$1,245,174</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,245,174</u>
1120	Unit Months Available	348	0	2,928	0	0	3,276
1121	Number of Unit Months Leased	287	0	2,793	0	0	3,080

Clinton Metropolitan Housing Authority  
Schedule of Expenditure of Federal Award  
For the Year Ended December 31, 2002

<b>FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES</b>	<b>CFDA NUMBER</b>	<b>EXPENDITURES</b>
U.S. Department of Housing and Urban Development Direct Program		
Low Rent Public Housing	14.850a	\$106,030
Public Housing – Comprehensive Improvement Assistance Program	14.852	131,290
Housing Choice Voucher Program	14.871	1,060,970
Public Housing Capital Fund Program	14.872	91,076
Other Federal Funds	N/A	<u>21,987</u>
Total Expenditure of Federal Award		<u>\$1,411,353</u>



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

Board of Directors  
Clinton Metropolitan Housing Authority

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

I have audited the general purpose financial statements of the Clinton Metropolitan Housing Authority, Ohio, as of and for the year ended December 31, 2002, and have issued my report thereon dated August 1, 2003. I conducted my audit in accordance with auditing standards generally accepted in the United State 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 Clinton Metropolitan Housing Authority, Ohio's general purpose 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*. consider to be material weaknesses. However, I have noted certain immaterial instances of noncompliance, which I have reported to management of Clinton Metropolitan Housing Authority in a separate letter dated August 1, 2003.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered Clinton Metropolitan Housing Authority, Ohio's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose 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 component does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation the

financial statements being auditing 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 solely for the information and use of the board of directors, management, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



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Salvatore Consiglio  
Certified Public Accountant

August 1, 2003

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

Board of Directors  
Clinton Metropolitan Housing Authority

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

**Compliance**

I have audited the compliance of the Clinton Metropolitan Housing Authority, Ohio, 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 each of its major federal programs for the year ended December 31, 2002. Clinton Metropolitan Housing Authority, Ohio major federal programs are identified in the Summary of Auditor's result 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 Clinton Metropolitan Housing Authority, Ohio's management. My responsibility is to express an opinion on Clinton Metropolitan Housing Authority, Ohio's compliance based on my audit.

I conducted my 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 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 Clinton Metropolitan Housing Authority, Ohio'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 Clinton Metropolitan Housing Authority, Ohio's compliance with those requirements.

As described in item FED-2000-1, FED-2000-2, and FED-2000-3 in the accompanying schedule of findings and questioned costs, Clinton Metropolitan Housing Authority, Ohio, did not comply with requirements regarding Reporting and Special Test and Provisions that are applicable to its Housing Choice Voucher Program. Compliance with such requirements is necessary, in my opinion, for Clinton Metropolitan Housing Authority, Ohio, to comply with requirements applicable to that program.

In my opinion, except for the noncompliance described in the preceding paragraph, Clinton Metropolitan Housing Authority, Ohio, 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, 2002.

### **Internal Control Over Compliance**

The management of Clinton Metropolitan Housing Authority, Ohio 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 Clinton Metropolitan Housing Authority, Ohio'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.

I noted certain matters involving the internal control over compliance and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in my judgment, could adversely affect Clinton Metropolitan Housing Authority, Ohio's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items FED-2000-1, FED-2000-2, and FED-2000-3.

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. My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe none of the reportable conditions described above are a material weakness.

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



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Salvatore Consiglio  
Certified Public Accountant

August 1, 2003

Clinton Metropolitan Housing Authority  
 Schedule of Findings and Questioned Costs  
 OMB Circular A-133 § .505  
 December 31, 2002

1. SUMMARY OF AUDITOR'S RESULTS
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Type of Financial Statement Opinion	Unqualified
Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
Was 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?	Yes
Type of Major Programs' Compliance Opinion	Unqualified
Are there any reportable findings under § .510?	Yes
Major Programs (list):	CFDA # 14.871 Housing choice Voucher Program
Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All Others
Low Risk Auditee?	Yes

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
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There are no Findings or questioned costs for the year ended December 31, 2002.

Clinton Metropolitan Housing Authority  
Schedule of Findings and Questioned Costs  
OMB Circular A-133 § .505  
December 31, 2002

3. FINDINGS REALTED TO FEDERAL AWARDS
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FINDING NUMBER	FED-2000-1
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**FINANCIAL REPORTING**

Clinton Metropolitan Housing Authority did not filed timely the unaudited financial statements with HUD. This finding was noted in previous audit.

24 CFR 5.801 The Uniform Financial Reporting Standards Rule requires that Housing Authority prepares GAAP basis financial statements to be submitted to HUD within 60 days from the end of the fiscal year.

The Housing Authority is aware of this requirement however did not provide an explanation for this error.

Recommendation:

The PHA must comply with the above required reporting standards.

FINDING NUMBER	FED-2000-2
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**SECTION 8 TENANT FILES**

A review of tenant files revealed several errors were the wrong payment standard or wrong utility allowance worksheet was used. This resulted in errors in paying housing assistance amounts and utility allowance. This error was also noted in prior audit report.

24 CFR 887.351 determines the payment standard that is used to calculate the monthly housing assistance payments. Also, it requires that each PHA must establish a separate payment standard amount by unit size.

CMHA staff did implement prior audit recommendation to apply a review process. However, errors still continue to exist.

Recommendation:

Due care must be exercise to ascertain that the correct information is used in completing the certification or recertification.

Clinton Metropolitan Housing Authority  
Schedule of Findings and Questioned Costs  
OMB Circular A-133 § .505  
December 31, 2002

FINDING NUMBER	FED-2000-3
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**FSS PROGRAM IMPLEMENTATION**

The Housing Authority did not meet the number of participants requirement for the Family Self Sufficient Program (FSS). The Authority requirement is to have 30 participants in the program, as of December 31, 2003 there was only one participant in the program.

24 CFR 984 requires that each PHA that operates a section 8 or a public housing program must operate a FSS program.

The PHA is working on implementing this program. However, for the year 2002 the program was not fully implemented.

Clinton Metropolitan Housing Authority  
Schedule of Prior Audit Findings  
December 31, 2002

The following are the status of the December 31, 2001 audit findings. Those findings not fully corrected are repeated in the 2002 audit report.

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
FED-2000-1	Financial Reporting	No	Finding partial corrected. Unaudited financial statements were not filed with HUD within the required 60 days after the fiscal year end.
FED-2000-2	Section 8 Tenant Files	No	Audit procedures revealed several errors were wrong payment standards were applied in calculating the Housing Assistance Payments.
FED-2000-3	Section 8 Administration Plan	Yes	Finding no longer valid.
FED-2000-4	FSS Program	No	Finding partial corrected. The Housing Authority is required to have 30 participants in the program. As of December 31, only one individual was enrolled.





**Auditor of State  
Betty Montgomery**

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**CLINTON METROPOLITAN HOUSING AUTHORITY**

**CLINTON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 13, 2003**