MEIGS
METROPOLITAN HOUSING AUTHORITY

POMEROY, OHIO

SINGLE AUDIT

For the Fiscal Year Ended September 30, 2002

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS

JLU

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Auditor of State
Betty Montgomery

Board of Commissioners
Meigs Metropolitan Housing Authority
117 East Memorial Drive
Pomeroy, Ohio 45769-9582

We have reviewed the Independent Auditor's Report of the Meigs Metropolitan Housing Authority, Meigs County, prepared by J. L. Uhrig & Associates, Inc., for the audit period October 1, 2001 to September 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 Meigs Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

March 7, 2003

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MEIGS METROPOLITAN HOUSING AUTHORITY
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For the Fiscal Year Ended September 30, 2002

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J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS

Independent Auditor's Report

Board of Commissioners
Meigs Metropolitan Housing Authority
117 East Memorial Drive
Pomeroy, Ohio 45769

We have audited the accompanying general purpose financial statements of the Meigs Metropolitan Housing Authority (the Authority) as of and for the year ended September 30, 2002. These general purpose financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these 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 of America. 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 general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 4 of the notes to the financial statements, the Authority does not capitalize equipment purchased with MR/DD grant funds and does not record depreciation on such assets. In our opinion, disclosure of that information is required to conform with accounting principles generally accepted in the United States of America. However, management believes it is impracticable to develop the information required for proper inclusion and disclosure in the financial statements.

In our opinion, except for the omission of fixed assets and associated depreciation as described in the previous paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of September 30, 2002, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 13, 2003 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report when considering the results of our audit.

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Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the Authority, taken as a whole. The supplemental information and accompanying schedules listed in the table of contents, which include the schedule of federal awards expenditures required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Authority. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

February 13, 2003

MEIGS METROPOLITAN HOUSING AUTHORITY
Combined Balance Sheet
Proprietary Fund Type
September 30, 2002

	Enterprise
Assets:	
Current Assets:	
Cash - Unrestricted	$51,482
Accounts Receivable	15,519
Prepaid Insurance	556
Total Current Assets	67,557
Restricted Cash - FSS	12,134
Total Assets	$79,691
Liabilities and Fund Equity:	
Current Liabilities:	
Accrued Sick Leave and Vacation	$7,897
Undistributed Credits - FSS	12,134
Total Current Liabilities	20,031
Total Liabilities	20,031
Fund Equity:	
Retained Earnings	59,660
Total Fund Equity	59,660
Total Liabilities and Fund Equity	$79,691

The notes to the financial statements are an integral part of this statement.

MEIGS METROPOLITAN HOUSING AUTHORITY
Combined Statement of Revenues, Expenses and Changes in Retained Earnings
Proprietary Fund Type
For the Fiscal Year Ended September 30, 2002

	Enterprise
Operating Revenues:	
Tenant Rental Revenue	$5,850
HUD PHA Grants	449,241
Section 8 Income - Portability	6,773
Other Revenue	709
Total Operating Revenues	462,573
Operating Expenses:	
Administrative Salaries	39,210
Auditing Fees	4,109
Compensated Absences	10,642
Employee Benefits	5,698
Other - Administrative	3,021
Ordinary Maintenance and Operations	16,950
Insurance Premiums	1,171
Housing Assistance Payments	437,830
Housing Assistance Payments - Portability	6,773
Total Operating Expenses	525,404
Operating Income (Loss)	(62,831)
Nonoperating Revenue:	
Interest Income	1,307
Total Nonoperating Revenue	1,307
Net Income (Loss)	(61,524)
Retained Earnings - Beginning of Year	121,184
Retained Earnings - End of Year	$59,660

The notes to the financial statements are an integral part of this statement.

MEIGS METROPOLITAN HOUSING AUTHORITY
Combined Statement of Cash Flow
Proprietary Fund Type
For the Fiscal Year Ended September 30, 2002

	Enterprise
Cash Flow from Operating Activities:	
Rental Receipts	$446,345
Other Cash Receipts	709
Administrative	(6,573)
Salaries and Related Benefits	(55,550)
Operating and Maintenance	(386,885)
Other Cash Payments	(2,211)
Net Cash Flow from Operating Activities	(4,165)
Cash Flow from Investing Activity:	
Interest Received	1,307
Net Cash Flow from Investing Activity	1,307
Net Increase (Decrease) in Cash and Cash Equivalents	(2,858)
Cash and Cash Equivalents - Beginning of Year	66,474
Cash and Cash Equivalents - End of Year	$63,616
Reconcilation of Operating Income (Loss) to Net Cash Flow from Operating Activities:	
Operating Income (Loss)	($62,831)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flow from Operating Activities:	
Increase or Decrease in:	
Accounts Receivable	55,139
Prepaid Insurance	(256)
Accrued Sick Leave and Vacation	6,343
Undistributed Credits - FSS	(2,560)
Net Cash Flow from Operating Activities	($4,165)

The notes to the financial statements are an integral part of this statement.

NOTE 1 - DESCRIPTION OF THE AUTHORITY AND REPORTING ENTITY

Description of the Authority

Meigs Metropolitan Housing Authority was created under Section 3735.01 of the Ohio Revised Code. The Authority contracts with the U.S. Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through rent subsidies provided by HUD (Section 8 Housing Assistance). The majority of the Authority's rental income is received from HUD.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Authority consists of all funds, departments, boards, and agencies that are not legally separate from the Authority. For the Authority, this includes general operations and the Section 8 program.

Component units are legally separate organizations for which the Authority is financially accountable. The Authority is financially accountable for an organization if the Authority appoints a voting majority of the organization's governing board and (1) the Authority is able to significantly influence the programs or services performed or provided by the organization; or (2) the Authority is legally entitled to or can otherwise access the organization's resources; the Authority is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Authority is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Authority in that the Authority approves the budget, the issuance of debt, or the levying of taxes. The Authority has no component units or related organizations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Authority are prepared in accordance with generally accepted accounting principles (GAAP). The Authority's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The more significant of the Authority's accounting policies are described below.

Basis of Presentation - Fund Accounting

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

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. The Authority's funds are categorized as proprietary fund types.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Proprietary Fund Type

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 Authority's only proprietary fund type:

> ***Enterprise Funds*** - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) on 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 revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

As required by the Real Estate Assessment Center (REAC) for fiscal years beginning October 1, 1998, the Authority adopted the full accrual method of accounting in accordance with generally accepted accounting principles. Revenues are recognized in the period earned. Expenses are recognized in the period the liability is incurred.

Cash and Cash Equivalents

Cash and cash equivalents consist of funds deposited in checking accounts and are stated at cost, which approximates market value. Unrestricted cash and cash equivalents represents the funds that are used for the general operations and the Section 8 program. Restricted cash and cash equivalents represent funds deposited for participants in the Family Self Sufficiency (FSS) Program, which is designed to help participants achieve economic independence and self-sufficiency.

For purposes of the statement of cash flows and for presentation on the balance sheet, cash and cash equivalents include all highly liquid debt instruments with an original maturity of three months or less at the time they are purchased.

Compensated Absences

Sick leave benefits are accrued as a liability for employees who are currently eligible to receive termination benefits and those identified as probable of receiving payment in the future. Vacation benefits are accrued as a liability as the benefits are earned by the employees if the employees rights to receive compensation are attributed to services already rendered and it is probable that the Authority will compensate the employees for the benefits through paid time off or some other means. The liability for sick leave and vacation benefits is based on accumulated unused balances and employees' wage rates at fiscal year end. Compensated absences are expensed when earned by the employees.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Intergovernmental Revenue

Grants and entitlements are considered nonexchange revenues. Such resources received for operating purposes are recognized as operating revenue in the accounting period in which all eligibility requirements have been met. Such resources for capital purposes are recorded as nonoperating revenue. Currently, the Authority receives federal grant revenue through the Section 8 program for general operations and program services.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 3 - CASH AND INVESTMENTS

Legal Requirements

State Statutes require the classification of cash into three categories.

Active cash is public deposits necessary to meet demands on the treasury. Such funds must be maintained either as cash in the Authority's treasury, in commercial or depository accounts payable or withdrawable on demand including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive cash is public deposits not required for use within the current five year period of designation of depositiories. Inactive funds may only be used to purchase investments which mature or are redeemable within five years from the date of purchase.

Interim cash is public deposits not needed for immediate use but which will be needed before the current depository agreement expires. Interim funds may only be invested or deposited in the following securities:

1. Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency, or the Export-Import Bank of Washington;
3. Repurchase agreements in the securities enumerated above;
4. Interim deposits in eligible institutions applying for interim funds;
5. Bonds and other obligations of the State of Ohio; and
6. The State Treasurer's investment pool.

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.

NOTE 3 - <u>CASH AND INVESTMENTS</u> - (Continued)

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 are 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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, *"Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements"*.

<u>Deposits:</u> GASB has established three (3) risk categories for deposits to give an indication of the level of risk assumed by the Authority at fiscal year end. Category 1 includes deposits that are insured or collateralized with securities held by the Authority or its agent in the Authority's name. Category 2 includes deposits collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name. Category 3 includes uncollateralized deposits. This includes any deposits that are collateralized with securities held by the pledging financial institution or its trust department or agent but not in the Authority's name.

At fiscal year end, the carrying amount of the Authority's deposits was $63,616 and the bank balance was $69,667. The entire bank balance of $69,667 was covered by FDIC.

<u>Investments:</u> GASB has also established three (3) risk categories for investments to give an indication of the level of risk assumed by the Authority at fiscal year end. Category 1 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 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the Authority's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the Authority's name.

The Authority held no investments at fiscal year end.

NOTE 4 - <u>GRANT AWARD EQUIPMENT</u>

In accordance with grant awards, the property and equipment is charged to expense in the period during which it is purchased instead of being capitalized and depreciated. As a result, the expenses reflected in the statement of revenues, expenses and changes in retained earnings include the cost of the property and equipment purchased during the year rather than a provision for depreciation. This method of accounting for fixed assets is not in accordance with generally accepted accounting principles.

The property and equipment is owned by the Meigs Metropolitan Housing Authority while used in the program for which it was purchased or in other future authorized programs. The funding sources, however, have a reversionary interest in the property and equipment purchased with grant funds. Therefore, its disposition, as well as the ownership of any sale proceeds therefrom, is subject to funding source regulations.

NOTE 5 - DEFINED BENEFIT PENSION PLANS

The employees of the Authority are covered by the Public Employees Retirement System of Ohio (the "PERS of Ohio"), a cost-sharing multiple employer defined benefit pension plan. The PERS of Ohio 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 provides statutory authority to establish and amend benefits. The PERS of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The contribution requirements of the plan members and the commission are established and may be amended by the Public Employees Retirement Board. The 2002 contribution rate for employees was 8.5% of qualifying gross wages. The 2002 contribution rate for local government employers was 13.55% of covered payroll. Of the employer contribution rate, 8.55% was the portion used to fund retirement and disability benefits. The portion of the Authority's contributions that was used to fund retirement and disability benefits for the years ended September 30, 2002, 2001 and 2000 was $3,595, $3,166 and $2,913, respectively, which was equal to the required contributions for each year. All required contributions were made prior to each of those fiscal year ends.

NOTE 6 - POSTEMPLOYMENT BENEFITS

In addition to the pension benefit obligation described above, the PERS of Ohio provides postemployment health care coverage to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an other postemployment benefit as described in *GASB Statement No. 12*. Other postemployment benefits are advance-funded on an actuarially determined basis. A portion of each employer's contribution to the PERS of Ohio is set aside for the funding of postemployment health care. The Ohio Revised Code provides statutory authority for employer contributions. The 2002 contribution rate for local government employers was 13.55% of covered payroll. Of the employer contribution rate, 5.0% was the portion that was used to fund health care. The portion of the Authority's contributions that was used to fund other postemployment benefits for the year ended September 30, 2002 amounted to $2,103.

The Ohio Revised Code provides statutory authority for public employers to fund postemployment health care through their contributions to the PERS of Ohio. Other postemployment benefits are 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, 2001, the latest information available, the actuarial value of net assets available for other postemployment benefits payments was $11.6 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were $16.4 billion and $4.8 billion, respectively. The number of active contributing participants at December 31, 2001 was 402,041.

NOTE 7 - <u>COMPENSATED ABSENCES</u>

Sick leave and vacation policies are established by the Board of Commissioners. All permanent employees earn 4.6 hours sick leave for each 80 hours of service, and 3.1 hours vacation time for each 80 hours of service. The Executive Director receives 4.6 hours vacation time for every 80 hours of service. Unused sick leave may be accumulated without limit and is paid to employees at the time of retirement. All permanent employees earn vacation hours based on length of service. Unused vacation leave will be paid to the employees at the time of separation. As of September 30, 2002, $7,897 was accrued for unused sick leave and vacation.

NOTE 8 - <u>SEGMENT INFORMATION</u>

The more significant segment information relating to the Enterprise Funds of the Authority as of and for the fiscal year ended September 30, 2002 is as follows:

	Section 8 Rental Voucher Program	MR/DD	Total Enterprise Funds
Operating Revenues	$456,653	$5,920	$462,573
Operating Expenses	514,113	11,291	525,404
Operating Income (Loss)	(57,460)	(5,371)	(62,831)
Net Income (Loss)	(56,301)	(5,223)	(61,524)
Net Working Capital	43,040	4,486	47,526
Total Assets	75,205	4,486	79,691
Total Liabilities	20,031	0	20,031
Total Equity	55,174	4,486	59,660

NOTE 9 - <u>RISK MANAGEMENT</u>

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets. The Authority currently has a $5,202 liability insurance policy provided by the Ohio Casualty Insurance Company for business personal property insurance. The policy carries a $250 deductible. The Authority also owns 6 single family dwellings that are covered by either the Ohio Casualty Insurance Company or Auto-Owners Insurance in the amount of $314,425. Each dwelling's coverage includes fire, personal liability and other special form perils with a $250 deductible for perils. There have been no insurance settlements that have exceeded insurance coverage in any of the past three years. The Authority increased its coverage from the prior year to cover it's new single family dwellings.

The Authority pays the State Workers' Compensation System a premium based on a rate per $100 of salaries. This rate is calculated based on accident history and administrative costs.

MEIGS METROPOLITAN HOUSING AUTHORITY
Combining Balance Sheet
Enterprise Funds
September 30, 2002

	Section 8 Rental Voucher Program	MR/DD	Total
Assets:			
Current Assets:			
Cash - Unrestricted	$47,552	$3,930	$51,482
Accounts Receivable	15,519	0	15,519
Prepaid Insurance	0	556	556
Total Current Assets	63,071	4,486	67,557
Restricted Cash - FSS	12,134	0	12,134
Total Assets	$75,205	$4,486	$79,691
Liabilities and Fund Equity:			
Current Liabilities:			
Accrued Sick Leave and Vacation	$7,897	$0	$7,897
Undistributed Credits - FSS	12,134	0	12,134
Total Current Liabilities	20,031	0	20,031
Total Liabilities	20,031	0	20,031
Fund Equity:			
Retained Earnings	55,174	4,486	59,660
Total Fund Equity	55,174	4,486	59,660
Total Liabilities and Fund Equity	$75,205	$4,486	$79,691

MEIGS METROPOLITAN HOUSING AUTHORITY
Combining Statement of Revenues, Expenses and Changes in Retained Earnings
Enterprise Funds
For the Fiscal Year Ended September 30, 2002

	Section 8 Rental Voucher Program	***MR/DD***	***Total***
Operating Revenues:			
Tenant Rental Revenue	$0	$5,850	$5,850
HUD PHA Grants	449,241	0	449,241
Section 8 Income - Portability	6,773	0	6,773
Other Revenue	639	70	709
Total Operating Revenues	456,653	5,920	462,573
Operating Expenses:			
Administrative Salaries	39,210	0	39,210
Auditing Fees	4,109	0	4,109
Compensated Absences	10,642	0	10,642
Employee Benefits	5,698	0	5,698
Other - Administrative	2,464	557	3,021
Ordinary Maintenance and Operations	7,314	9,636	16,950
Insurance Premiums	73	1,098	1,171
Housing Assistance Payments	437,830	0	437,830
Housing Assistance Payments - Portability	6,773	0	6,773
Total Operating Expenses	514,113	11,291	525,404
Operating Income (Loss)	(57,460)	(5,371)	(62,831)
Nonoperating Revenue:			
Interest Income	1,159	148	1,307
Total Nonoperating Revenue	1,159	148	1,307
Net Income (Loss)	(56,301)	(5,223)	(61,524)
Retained Earnings - Beginning of Year	111,475	9,709	121,184
Retained Earnings - End of Year	$55,174	$4,486	$59,660

MEIGS METROPOLITAN HOUSING AUTHORITY
Combining Statement of Cash Flow
Enterprise Funds
For the Fiscal Year Ended September 30, 2002

	Section 8 Rental Voucher Program	MR/DD	Total
Cash Flow from Operating Activities:			
Rental Receipts	$440,495	$5,850	$446,345
Other Cash Receipts	639	70	709
Administrative	(6,573)	0	(6,573)
Salaries and Related Benefits	(55,550)	0	(55,550)
Operating and Maintenance	(377,549)	(9,336)	(386,885)
Other Cash Payments	0	(2,211)	(2,211)
Net Cash Flow from Operating Activities	1,462	(5,627)	(4,165)
Cash Flow from Investing Activity:			
Interest Received	1,159	148	1,307
Net Cash Flow from Investing Activity	1,159	148	1,307
Net Increase (Decrease) in Cash and Cash Equivalents	2,621	(5,479)	(2,858)
Cash and Cash Equivalents - Beginning of Year	57,065	9,409	66,474
Cash and Cash Equivalents - End of Year	$59,686	$3,930	$63,616
Reconcilation of Operating Income (Loss) to Net Cash Flow from Operating Activities:			
Operating Income (Loss)	($57,460)	($5,371)	($62,831)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flow from Operating Activities:			
Increase or Decrease in:			
Accounts Receivable	55,139	0	55,139
Prepaid Insurance	0	(256)	(256)
Accrued Sick Leave and Vacation	6,343	0	6,343
Undistributed Credits - FSS	(2,560)	0	(2,560)
Net Cash Flow from Operating Activities	$1,462	($5,627)	($4,165)

MEIGS METROPOLITAN HOUSING AUTHORITY
Summary of Activities -
Enterprise Funds
For the Fiscal Year Ended September 30, 2002

	Units
Section 8 Gross Number of Units	125
Section 8 Number of Units Leased	125

MEIGS METROPOLITAN HOUSING AUTHORITY
Schedule of Federal Awards Expenditures
For the Fiscal Year Ended September 30, 2002

Federal Grantor / Pass Through Grantor / Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
U.S. Department of Housing and Urban Development			
Direct from Federal Government:			
Section 8 Rental Voucher Program - Contract C-5110	---	14.871	$440,495
Total U.S. Department of Housing and Urban Development			440,495
Total Federal Financial Assistance			$440,495

Note 1 - Significant Accounting Policies

The Authority prepares its Schedule of Federal Awards Expenditures on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. 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.

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS

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 Commissioners
Meigs Metropolitan Housing Authority
117 East Memorial Drive
Pomeroy, Ohio 45769

We have audited the financial statements of the Meigs Metropolitan Housing Authority (the Authority), as of and for the year ended September 30, 2002 and have issued our report thereon dated February 13, 2003 which was qualified due to the omission of fixed assets and depreciation for property purchased with grant monies. 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 of America.

Compliance

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

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

February 13, 200

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J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS

Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133

Board of Commissioners
Meigs Metropolitan Housing Authority
117 East Memorial Drive
Pomeroy, Ohio 45769

Compliance

We have audited the compliance of Meigs Metropolitan Housing Authority (the Authority) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended September 30, 2002. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Authority's management. Our responsibility is to express an opinion on the 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 occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended September 30, 2002.

Internal Control over Compliance

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

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

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

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

February 13, 2003

A. SUMMARY OF AUDITOR'S RESULTS

1.	***Type of Financial Statement Opinion***	Qualified
2.	***Were there any material internal control weaknesses reported at the financial statement level (GAGAS)?***	No
3.	***Were there any other reportable internal control weaknesses reported at the financial statement level (GAGAS)?***	No
4.	***Was there any material noncompliance reported at the financial statement level (GAGAS)?***	No
5.	***Were there any material internal control weaknesses reported for major federal programs?***	No
6.	***Were there any other reportable internal control weaknesses reported for major federal programs?***	No
7.	***Type of Major Program Compliance Opinion***	Unqualified
8.	***Are there any reportable findings under § .510?***	No
9.	***Major Program (list):***	Section 8 Rental Voucher Program CFDA #14.871
10.	***Dollar Threshold: Type A/B Programs***	Type A: >$300,000 Type B: All Other Programs
11.	***Low Risk Auditee?***	No

B. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

There were no findings related to the financial statements required to be reported in accordance with GAGAS.

C. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs for federal awards.

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Auditor of State
Betty Montgomery

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P.O. Box 1140
Columbus, Ohio 43216-1140

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MEIGS METROPOLITAN HOUSING AUTHORITY

MEIGS 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 20, 2003