

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



**Auditor of State
Betty Montgomery**

Board of Directors
Pike Metropolitan Housing Authority
Road Piketon, Ohio

We have reviewed the Independent Auditor's Report of the Pike Metropolitan Housing Authority, Pike 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 Pike 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

September 10, 2003

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

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SALVATORE CONSIGLIO, CPA, INC.

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Independent Auditors' Report

Board of Directors
Pike Metropolitan Housing Authority

Regional Inspector General of Audit
Department of Housing and Urban
Development

I have audited the accompanying general purpose financial statements of Pike 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 Pike 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 Pike 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.

In accordance with *Government Auditing Standards*, I have also issued a report dated June 2, 2003, on my consideration of Pike 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 and 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 Pike 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") and the PHA's statement and certification of actual modernization cost are presented for purposes additional analysis as required by the Department of Housing and Urban Development and are 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.



Salvatore Consiglio, CPA, Inc.
June 2, 2003

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

	<i><u>Enterprise Fund</u></i>	<i><u>Component Units</u></i>	<i><u>Total (Memo Only)</u></i>
<u>ASSETS</u>			
CURRENT ASSETS:			
Cash and Cash Equivalents	\$184,566	\$16,664	\$201,230
Investments	833,770	83,533	917,303
Receivables - Net of Allowance	8,658	537	9,195
Notes, Loans and Mortgage Receivables – Current	1,155	0	1,155
Inventory	6,620	0	6,620
Deferred Charges and Other Assets	3,325	680	4,005
TOTAL CURRENT ASSETS	<u>1,038,094</u>	<u>101,414</u>	<u>1,139,508</u>
NONCURRENT ASSETS:			
Notes, Loans and Mortgage Receivables – NonCurrent	29,076	0	29,076
Fixed Assets - Net of Accumulated Depreciation	4,605,159	882,252	5,487,411
TOTAL NONCURRENT ASSETS	<u>4,634,235</u>	<u>882,252</u>	<u>5,516,487</u>
TOTAL ASSETS	<u>\$5,672,329</u>	<u>\$983,666</u>	<u>\$6,655,995</u>
<u>LIABILITIES AND FUND EQUITY</u>			
CURRENT LIABILITES:			
Accounts Payable	\$17,472	\$2,830	\$20,302
Intergovernmental Payables	44,600	0	44,600
Accrued Wages/Payroll Taxes	26,834	0	26,834
Tenant Security Deposits	16,167	8,950	25,117
Deferred Credits and Other Liabilities	26,742	21,613	48,355
TOTAL CURRENT LIABILITES	<u>131,815</u>	<u>33,393</u>	<u>165,208</u>
NONCURRENT LIABILITES:			
Long-term Debt	687,906	1,212,256	1,900,162
Other Long-term Liabilities	39,307	0	39,307
TOTAL NONCURRENT LIABILITES	<u>727,213</u>	<u>1,212,256</u>	<u>1,939,469</u>
TOTAL LIABILITES	<u>\$859,028</u>	<u>\$1,245,649</u>	<u>\$2,104,677</u>

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

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

	<i><u>Enterprise Fund</u></i>	<i><u>Component Units</u></i>	<i><u>Total (Memo Only)</u></i>
FUND EQUITY:			
Contributed Capital	\$3,928,728	\$0	\$3,928,728
Unreserved Fund	884,573	-261,983	622,590
TOTAL FUND EQUITY	<u>4,813,301</u>	<u>-261,983</u>	<u>4,551,318</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$5,672,329</u>	<u>\$983,666</u>	<u>\$6,655,995</u>

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

Pike 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

	<i>Enterprise Fund</i>	<i>Component Units</i>	<i>Total (Memo Only)</i>
<u>REVENUE</u>			
Tenant Rental Revenue	\$184,115	\$129,426	\$313,541
Program Grant/Subsidies	2,492,676	0	2,492,676
Interest	10,253	0	10,253
Other Income	23,056	0	23,056
TOTAL REVENUE	<u>2,710,100</u>	<u>129,426</u>	<u>2,839,526</u>
<u>EXPENSES</u>			
Administrative	413,994	26,214	440,208
Tenant Services	2,743	0	2,743
Utilities	70,281	17,931	88,212
Maintenance	131,325	18,073	149,398
General	97,415	44,480	141,895
Housing Assistance Payments	1,580,039	0	1,580,039
Depreciation	280,372	54,858	335,230
TOTAL EXPENSES	<u>2,576,169</u>	<u>161,556</u>	<u>2,737,725</u>
EXCESS (DEFICIENCY) OF TOTAL REVENUE OVER (UNDER) EXPENSES	133,931	-32,130	101,801
Beginning Equity	4,600,059	-229,853	4,370,206
Prior Period Adjustments	79,311	0	79,311
ENDING FUND EQUITY	<u>\$4,813,301</u>	<u>\$-261,983</u>	<u>\$4,551,318</u>

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

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

	<i><u>Enterprise Fund</u></i>	<i><u>Component Units</u></i>	<i><u>Total (Memo Only)</u></i>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Operating Income/(Loss)	\$133,931	\$-32,130	\$101,801
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities			
- Depreciation	280,372	54,858	335,230
- (Increases) Decreases in Accounts Receivable	26,093	-23	26,070
- Increases (Decreases) Accounts Payable	19,937	322	20,259
- (Increases) Decreases in Prepaid Expenses	-876	-255	-1,131
- Increases (Decreases) Deferred Revenue	-125	0	- 125
- Prior Period Adjustment to Correct Cash	700	0	700
	<hr/>		
Total Adjustments	326,101	54,902	381,003
	<hr/>		
NET CASH PROVIDED BY OPERATING ACTIVITIES	460,032	22,772	482,804
	<hr/>		
CASH FLOWS FROM INVESTING ACTIVITIES:			
Change in Material Inventory	8,503	0	8,503
Cash Transfer to Investment Accounts	0	-35,565	-35,565
	<hr/>		
NET CASH PROVIDED IN INVESTING ACTIVITIES	8,503	-35,565	-27,062
	<hr/>		
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from New Loan	208,920	0	208,920
Purchases of Assets	-541,884	0	-541,884
Debt Principal Payment	-26,572	-3,735	-30,307
	<hr/>		
NET CASH USED IN FINANCING ACTIVITIES	-359,536	-3,735	-363,271
	<hr/>		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	108,999	-16,528	92,471
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	75,567	33,192	108,759
	<hr/>		
CASH AND CASH EQUIVALENTS - END OF YEAR	\$184,566	\$16,664	\$201,230
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The accompanying notes to the general purpose financial statements are an integral part of these statements.

PIKE 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 Pike 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 Pike 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.

PIKE 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.

The accompanying financial statements present the Authority's primary government and Emmitt Station Limited Partnership, component unit, which the Authority exercises significant control.

Component Units

The component unit is reported in the Authority financial statements as shown below:

Discretely Presented Component Unit
Emmitt Station Limited Partnership

Brief Description and Relationship
The Partnership was formed in April 1989, under the laws of the State of Ohio, for the purpose of constructing and operating a 40-unit apartment community ("Emmitt Station") located in Waverly, Ohio. The community is financed by a U.S.D.A., Rural Housing Service Section 515 Loan, and therefore is regulated by Rural Housing Service as to rent charges and operating methods. The apartment community began operation in September 1989.

Pike Metropolitan Housing Authority is the General Partner of the Partnership and is the managing agent.

Fund Accounting

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

PIKE 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)

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 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.

Investments

The provisions of the HUD Regulations restrict investments. Investments are valued at market value. Interest income earned in fiscal year ending December 31, 2002 totaled \$10,253.

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.

PIKE 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)

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.

Capital Contributions

This represents contributions made available by HUD with respect to all federally aided projects under an annual contribution contract.

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.

PIKE 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)

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:					
Primary Government	\$211,818	\$211,818	\$0	\$0	\$184,566
Component Unit	16,664	16,664	0	0	16,664
Investments:					
Primary Government	833,770	833,770	0	0	833,770
Component Unit	83,533	83,533	0	0	83,533
Total Deposits	<u>\$1,145,785</u>	<u>\$1,145,785</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,118,533</u>

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

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments - HUD Handbook 7475.1 Chapter 4, Section 1 authorizes the PHA to make investments in:

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

The PHA investments 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, registered, or securities held by the PHA or its agent in the PHA’s name.

Category 2 – Uninsured and unregistered, with securities held by the counter party’s trust department or agent in the PHA’s name.

Category 3 – Uninsured and unregistered, with securities held by the counterparty, or its trust department or agent but not in the PHA’s name.

The PHA’s nonnegotiable certificates of deposit are classified as investments on the balance sheet but are considered as deposits for GASB 3 purposes. Therefore, the categories described above do not apply.

NOTE 3: 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 4: 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.

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

NOTE 4: RISK MANAGEMENT (Continued)

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 5: FIXED ASSETS

The following is a summary:

	Primary Government	Component Unit	Total
Land	\$782,351	\$85,999	\$868,350
Buildings	5,891,139	1,517,006	7,408,145
Furniture and Equipment	393,349	1,270	394,619
Construction in Progress	208,127	0	208,127
Total Fixed Assets	7,274,966	1,604,275	8,879,241
Accumulated Depreciation	-2,669,807	-722,023	-3,391,830
Net Fixed Assets	\$4,605,159	\$882,252	\$5,487,411

The following is a summary of changes:

	<u>Balance</u> <u>12/31/01</u>	<u>Adjustment</u>	<u>Additions</u>	<u>Deletion</u>	<u>Balance</u> <u>12/31/02</u>
Land	\$739,751	\$85,999	\$42,600	\$0	868,350
Buildings	5,402,480	1,727,851	277,814	0	7,408,145
Furnt. & Equip.	324,076	57,200	13,343	0	394,619
Constr in Progress	291,173	-291,173	208,127	0	208,127
Total Fixed Assets	\$6,757,480	\$1,579,877	\$541,884	\$ 0	\$8,879,241

The depreciation expense for the year ended December 31, 2002 was \$335,230.

NOTE 6: 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.

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

**NOTE 6: DEFINED BENEFIT PENSION PLANS -PUBLIC EMPLOYEES
RETIREMENT SYSTEM** (Continued)

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 \$34,854, \$38,089, and \$28,473, respectively. The full amount has been contributed for 2001 and 2000. Ninety-three percent has been contributed for 2002, with the remainder being reported as a liability with the enterprise fund.

**NOTE 7: 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 post retirement health cares 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.

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.

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

**NOTE 7: POSTEMPLOYMENT BENEFITS PUBLIC EMPLOYEES
RETIREMENT SYSTEM** (Continued)

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 8: PRIOR PERIOD ADJUSTMENTS

Prior period adjustment in total of \$79,311 was necessary to properly reconcile the beginning balance sheet amounts per the accounting records with the amounts reported in prior audit report.

NOTE 9: CHANGE IN FINANCIAL STATEMENT PRESENTATION

During current year, Management made a determination to include the Emmitt Station Limited Partnership on its financial statements. This change was made to properly present Pike Metropolitan Housing Authority financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement 14, the Financial Reporting Entity, which requires that the financial statements include all organizations, activities and functions for which the Authority is financially accountable.

NOTE 10: LONG TERM DEBT

PIKE METROPOLITAN HOUSING AUTHORITY:

The Authority had the following mortgage loan for rental property owned:

	12/31/02		
	BALANCE	RATE	TERM
FIRST NATIONAL BANK:			
- Loan No. 7661	\$8,194	7.75%	15 Years
- Loan No. 7099	6,878	3.00%	15 Years
- Loan No. 7103	14,463	3.00%	15 Years
- Loan No. 7841	121,186	7.00%	15 Years
- Loan No. 8245	<u>20,363</u>	7.75%	15 Years
TOTAL FIRST NATIONAL	<u>\$171,084</u>		

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

NOTE 10: LONG TERM DEBT (Continued)

	12/31/02		
	BALANCE	RATE	TERM
FIFTH THIRD BANK:			
- Loan No. 00042	\$119,581	6.63%	15 Years
- Loan No. 00026	75,072	6.63%	12 Years
- Loan No. 00067	118,884	5.45%	15 Years
TOTAL FIFTH THIRD BANK	<u>\$313,537</u>		
COUNTY MR/DD:			
- 212 St. Anns Lane	\$8,280	0.00%	15 Years
- 77 Circleview Drive	8,280	0.00%	15 Years
- 337 Arlington Ave.	18,933	0.00%	15 Years
- 221 St Anns Lane	19,667	0.00%	15 Years
- 212 Grandview	42,792	0.00%	15 Years
- 107 Commercial Blvd.	42,000	0.00%	15 Years
-102 Sunrise	45,000	0.00%	15 Years
-599 Walnut	45,000	0.00%	15 Years
TOTAL COUNTY MR/DD	<u>\$229,952</u>		

The County MR/DD Loans are forgiven at the end of the term of the loan. The Authority amortizes the loans and annually recognizes as revenue the current year amount that expired.

The following is a summary of the change in the Long-Term Debt for the year ended December 31, 2002:

<u>Description</u>	<u>Balance</u>	<u>Adj. To</u>			<u>Balance</u>
	<u>01/01/02</u>	<u>Beg. Bal.</u>	<u>Issued</u>	<u>Retired</u>	<u>12/31/02</u>
Mortgage Loans	\$379,547	\$152,678	\$208,920	\$26,572	\$714,573

Debt maturities for the next five years are as follows:

<u>YEAR</u>	<u>DEBT</u>	<u>MRDD</u>
	<u>AMOUNT</u>	<u>FORGIVEN</u>
2003	\$26,667	\$20,199
2004	38,680	20,199
2005	45,601	20,199
2006	44,711	19,675
2007	50,862	17,998
Later Years	278,100	131,682
Total	<u>\$484,621</u>	<u>\$229,952</u>

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

NOTE 10: LONG TERM DEBT (Continued)

EMMITT STATION (Component Unit):

The mortgage note is payable to Rural Housing Service in monthly installments of \$9,011, at an interest rate of 9% and a term of 50 years, maturing in year 2039. As part of the Loan Agreement, the Partnership entered into an Interest Credit and Rental Assistance Agreement that reduces the monthly mortgage payment to \$2,520, which effectively lowers the interest rate to approximately 1% over the term of the loan. The mortgage liability of the Partnership is limited to the underlying value of the real estate collateral pledged.

Maturities of the mortgage note in each of the next five years are approximated as follows:

<u>YEAR</u>	<u>AMOUNT</u>
2003	\$4,085
2004	4,068
2005	4,887
2006	5,342
2007	5,865
Future Years	<u>1,192,094</u>
Total	<u>\$1,216,341</u>

NOTE 11: EQUITY AND OTHER CREDITS

The following is the change in Fund Equity for the year:

	Contributed Capital	Unreserved Fund Balance	Total
PIKE MHA:			
Balance as of December 31, 2001	\$3,385,041	\$1,215,018	\$4,600,059
Prior Period Adjustment	0	79,311	79,311
Net Income	0	133,931	133,931
GASB 33 Adjustment	543,687	-543,687	0
Balance as of December 31, 2002	<u>\$3,928,728</u>	<u>\$884,573</u>	<u>\$4,813,301</u>

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

NOTE 11: EQUITY AND OTHER CREDITS (Continued)

	Contributed Capital	Unreserved Fund Balance	Total
EMMITT STATION (Component Unit):			
Balance as of December 31, 2001	\$0	\$-229,853	\$-229,853
Prior Period Adjustment	0	0	0
Net Income	0	-32,130	-32,130
GASB 33 Adjustment	0	0	0
	<hr/>		
Balance as of December 31, 2002	\$ 0	\$-261,983	\$-261,983

Pike 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	Public Housing Comprehensive Improvement Assistance Program	Section 8 Rental Voucher Program	Public Housing Capital Fund Program	State/Local	Component Units	Total
111	Cash - Unrestricted	\$43,193	\$0	\$98,405	\$11,014	\$7,282	\$16,664	\$176,558
113	Cash - Other Restricted	0	0	8,505	0	0	0	8,505
114	Cash - Tenants Security Deposits	14,867	0	0	0	1,300	0	16,167
100	Total Cash	<u>58,060</u>	<u>0</u>	<u>106,918</u>	<u>11,014</u>	<u>8,582</u>	<u>16,664</u>	<u>201,230</u>
121	Accounts Receivable - PHA Projects	0	0	0	0	0	0	0
122	Accounts Receivable - HUD Other Projects	0	0	0	75	0	0	75
125	Accounts Receivable - Miscellaneous	75	0	4,952	0	0	0	5,027
126	Accounts Receivable - Tenants - Dwelling Rents	4,548	0	0	0	0	537	5,085
126.1	Allowance for Doubtful Accounts - Dwelling Rents	-2,500	0	0	0	0	0	-2,500
127	Notes, Loans and Mortgage Receivable - Current	0	0	0	0	1,155	0	1,155
128	Fraud Recovery	1,508	0	0	0	0	0	1,508
128.1	Allowance for Doubtful Accounts - Fraud	0	0	0	0	0	0	0
120	Total Receivables, net of allowances for doubtful accounts	<u>3,631</u>	<u>0</u>	<u>4,952</u>	<u>75</u>	<u>1,155</u>	<u>537</u>	<u>10,350</u>
131	Investments - Unrestricted	178,012	0	560,356	0	95,402	0	833,770
132	Investments Restricted	0	0	0	0	0	83,533	83,533
142	Prepaid Expenses and Other Assets	3,219	0	106	0	0	680	4,005
143	Inventories	6,620	0	0	0	0	0	6,620
144	Interprogram Due From	0	0	30,000	0	0	0	30,000
150	Total Current Assets	<u>249,542</u>	<u>0</u>	<u>702,324</u>	<u>11,089</u>	<u>105,139</u>	<u>101,414</u>	<u>1,169,508</u>
161	Land	615,223	0	0	0	167,128	85,999	868,350
162	Buildings	4,717,303	0	0	0	1,173,836	1,517,006	7,408,145
163	Furniture, Equipment & Machinery - Dwellings	186,891	0	0	0	0	0	186,891
164	Furniture, Equipment & Machinery - Administration	169,365	0	37,093	0	0	1,270	207,728

Pike 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	Public Housing Comprehensive Improvement Assistance Program	Section 8 Rental Voucher Program	Public Housing Capital Fund Program	State/Local	Component Units	Total
165	Leasehold Improvements	0	0	0	0	0	0	0
166	Accumulated Depreciation	-2,438,756	0	-30,570	0	-200,481	-722,023	-3,391,830
167	Construction In Progress	0	0	0	208,127	0	0	208,127
160	Total Fixed Assets, Net of Accumulated Depreciation	3,250,026	0	6,523	208,127	1,140,483	882,252	5,487,411
171	Notes, Loans and Mortgage Receivable - Noncurrent	0	0	0	0	29,076	0	29,076
180	Total Non-Current Assets	3,250,026	0	6,523	208,127	1,169,559	882,252	5,516,487
190	Total Assets	\$3,499,568	\$0	\$708,847	\$219,216	\$1,274,698	\$983,666	\$6,685,995
312	Accounts Payable <= 90 Days	\$5,477	\$0	\$41	\$11,014	\$940	\$2,830	\$20,302
321	Accrued Wage/Payroll Taxes Payable	6,008	0	2,223	0	0	0	8,231
322	Accrued Compensated Absences - Current Portion	14,471	0	4,132	0	0	0	18,603
324	Accrued Contingency Liability	0	0	0	0	0	15,307	15,307
325	Accrued Interest Payable	0	0	0	0	0	2,221	2,221
331	Accounts Payable - HUD PHA Programs	0	0	40,916	0	0	0	40,916
332	Accounts Payable - PHA Projects	0	0	0	75	0	0	75
333	Accounts Payable - Other Government	3,684	0	0	0	0	0	3,684
341	Tenant Security Deposits	14,867	0	0	0	1,300	8,950	25,117
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	0	0	0	0	26,667	4,085	30,752
347	Interprogram Due To	30,000	0	0	0	0	0	30,000
310	Total Current Liabilities	74,507	0	47,312	11,089	28,907	33,393	195,208

Pike 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	Public Housing Comprehensive Improvement Assistance Program	Section 8 Rental Voucher Program	Public Housing Capital Fund Program	State/Local	Component Units	Total
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	0	0	0	0	687,906	0	687,906
354	Accrued Compensated Absences - Non Current	21,236	0	5,209	0	0	0	26,445
355	Loan Liability - Non Current	0	0	0	0	0	1,212,256	1,212,256
353	Noncurrent Liabilities - Other	4,357	0	8,505	0	0	0	12,862
350	Total Non current Liabilities	25,593	0	13,714	0	687,906	1,212,256	1,939,469
300	Total Liabilities	100,100	0	61,026	11,089	716,813	1,245,649	2,134,677
504	Net HUD PHA Contributions	3,709,699	0	10,902	208,127	0	0	3,928,728
508	Total Contributed Capital	3,709,699	0	10,902	208,127	0	0	3,928,728
511	Total Reserved Fund Balance	0	0	0	0	0	0	0
512	Undesignated Fund Balance/Retained Earnings	-310,231	0	636,919	0	557,885	-261,983	622,590
513	Total Equity/Net Assets	3,399,468	0	647,821	208,127	557,885	-261,983	4,551,318
600	Total Liabilities and Equity/Net Assets	\$3,499,568	\$0	\$708,847	\$219,216	\$1,274,698	\$983,666	\$6,685,995

Pike Metropolitan Housing Authority
Combining Statement of Revenue, Expenses and Changes in Fund Equity
FDS Schedule Submitted to REAC
Proprietary Fund Type - Enterprise Fund
December 31, 2002

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Comprehensive Improvement Assistance Program	Section 8 Rental Voucher Program	Public Housing Capital Fund Program	State/Local	Component Units	Total
703	Net Tenant Rental Revenue	\$83,240	\$0	\$0	\$0	\$96,684	\$124,620	\$304,544
704	Tenant Revenue - Other	4,191	0	0	0	0	4,806	8,997
705	Total Tenant Revenue	87,431	0	0	0	96,684	129,426	313,541
706	HUD PHA Operating Grants	291,706	481	1,841,958	50,365	0	0	2,184,510
706.1	Capital Grants	0	0	0	308,166	0	0	308,166
711	Investment Income - Unrestricted	1,950	0	4,990	0	3,313	0	10,253
713.1	Cost of Sale of Assets	0	0	0	0	0	0	0
715	Other Revenue	0	0	0	0	23,056	0	23,056
720	Investment Income - Restricted	0	0	0	0	0	0	0
700	Total Revenue	381,087	481	1,846,948	358,531	123,053	129,426	2,839,526
911	Administrative Salaries	93,076	0	116,118	0	5,000	5,206	219,400
912	Auditing Fees	1,380	0	2,380	1,000	0	2,000	6,760
913	Outside Management Fees	0	0	0	0	0	11,475	11,475
915	Employee Benefit Contributions - Administrative	34,739	0	25,987	0	0	5,838	66,564
916	Other Operating - Administrative	34,628	481	38,959	48,992	11,254	1,695	136,009
924	Tenant Services - Other	2,743	0	0	0	0	0	2,743
931	Water	35,269	0	0	0	8,891	11,092	55,252
932	Electricity	7,383	0	0	0	12,713	4,629	24,725
933	Gas	3,745	0	0	0	2,280	0	6,025
938	Other Utilities Expense	0	0	0	0	0	2,210	2,210
941	Ordinary Maintenance and Operations - Labor	58,304	0	0	0	12,254	14,362	84,920
942	Ordinary Maintenance and Operations - Materials and Other	28,146	0	0	0	10,726	3,711	42,583
943	Ordinary Maintenance and Operations - Contract Costs	21,561	0	0	0	334	0	21,895
945	Employee Benefit Contributions - Ordinary Maintenance	34,012	0	0	0	2,903	0	36,915

Pike Metropolitan Housing Authority
Combining Statement of Revenue, Expenses and Changes in Fund Equity
FDS Schedule Submitted to REAC
Proprietary Fund Type - Enterprise Fund
December 31, 2002

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Comprehensive Improvement Assistance Program	Section 8 Rental Voucher Program	Public Housing Capital Fund Program	State/Local	Component Units	Total
961	Insurance Premiums	11,639	0	648	0	2,203	2,670	17,160
962	Other General Expenses	0	0	0	0	6,645	0	6,645
963	Payments in Lieu of Taxes	3,684	0	0	0	0	15,307	18,991
964	Bad Debt - Tenant Rents	6,523	0	0	0	0	0	6,523
967	Interest Expense	0	0	0	0	29,158	26,503	55,661
969	Total Operating Expenses	376,832	481	184,092	49,992	104,361	106,698	822,456
970	Excess Operating Revenue over Operating Expenses	4,255	0	1,662,856	308,539	18,692	22,728	2,017,070
973	Housing Assistance Payments	0	0	1,580,039	0	0	0	1,580,039
974	Depreciation Expense	238,678	0	4,378	0	37,316	54,858	335,230
900	Total Expenses	615,510	481	1,768,509	49,992	141,677	161,556	2,737,725
1001	Operating Transfers In	373	0	0	0	0	0	373
1002	Operating Transfers Out	0	0	0	-373	0	0	-373
1010	Total Other Financing Sources (Uses)	373	0	0	-373	0	0	0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	-234,050	0	78,439	308,166	-18,624	-32,130	101,801
1103	Beginning Equity	3,241,266	244,798	545,523	46,375	522,097	-229,853	4,370,206
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	392,252	-244,798	23,859	-146,414	54,412	0	79,311
	Ending Equity	\$3,399,468	\$0	\$647,821	\$208,127	\$557,885	\$-261,983	\$4,551,318

Pike Metropolitan Housing Authority
Combining Statement of Revenue, Expenses and Changes in Fund Equity
FDS Schedule Submitted to REAC
Proprietary Fund Type - Enterprise Fund
December 31, 2002

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Comprehensive Improvement Assistance Program	Section 8 Rental Voucher Program	Public Housing Capital Fund Program	State/Local	Component Units	Total
1101	Capital Outlays Enterprise Fund	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0	\$0	\$26,572	\$3,735	\$30,307
1113	Maximum Annual Contributions Commitment (Per ACC)	\$0	\$0	\$996,622	\$0	\$0	\$0	\$996,622
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	0	0	778,768	0	0	0	778,768
1115	Contingency Reserve, ACC Program Reserve	0	0	202,272	0	0	0	202,272
1116	Total Annual Contributions Available	\$0	\$0	\$1,977,662	\$0	\$0	\$0	\$1,977,662
1120	Unit Months Available	1,164	0	6,000	0	0	480	7,644
1121	Number of Unit Months Leased	1,134	0	5,624	0	0	468	7,226

Pike Metropolitan Housing Authority
PHA's Statement and Certification of Actual Modernization Cost
December 31, 2002

Capital Fund Program Grant Number OH16P060501-00

1. The Actual Modernization Costs are as follows:

Funds Approved	\$181,414
Funds Expended	<u>181,414</u>
Excess (Deficiency) of Funds Approved	<u><u>\$-0-</u></u>

2. All costs have been paid and there are no outstanding obligations.
3. The actual modernization cost certification was signed and filed on February 11, 2003.
4. The final costs on the certification agree to the Authority's records.

Pike Metropolitan Housing Authority
PHA's Statement and Certification of Actual Modernization Cost
December 31, 2002

Capital Fund Program Grant Number OH16P060501-00

1. The Actual Modernization Costs are as follows:

Funds Approved	\$184,365
Funds Expended	<u>184,365</u>
Excess (Deficiency) of Funds Approved	<u><u>\$-0-</u></u>

2. All costs have been paid and there are no outstanding obligations.
3. The actual modernization cost certification was signed and filed on April 22, 2003.
4. The final costs on the certification agree to the Authority's records.

Pike Metropolitan Housing Authority
Schedule of Expenditures of Federal Award
For the Year Ended December 31, 2002

FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES	CFDA NUMBER	EXPENDITURES
U.S. Department of Housing and Urban Development Direct Program		
Low Rent Public Housing Program	14.850	\$291,706
Public Housing – Comprehensive Grant Program	14.859	481
Housing Choice Vouchers Program	14.871	1,841,958
Public Housing Capital Fund Program	14.872	<u>358,531</u>
TOTAL AWARDS		<u><u>\$2,492,676</u></u>

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SALVATORE CONSIGLIO, CPA, INC.

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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
Pike Metropolitan Housing Authority

Regional Inspector General of Audit
Department of Housing and Urban
Development

I have audited the general purpose financial statements of the Pike Metropolitan Housing Authority, Ohio, as of and for the year ended December 31, 2002, and have issued my report thereon dated June 2, 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 Pike 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*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Pike 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

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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.



Salvatore Consiglio, CPA, Inc.

June 2, 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
Pike Metropolitan Housing Authority

Regional Inspector General of Audit
Department of Housing and Urban
Development

Compliance

I have audited the compliance of the Pike 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. Pike 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 Pike Metropolitan Housing Authority, Ohio's management. My responsibility is to express an opinion on Pike 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 Pike 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 Pike Metropolitan Housing Authority, Ohio's compliance with those requirements.

In my opinion, Pike 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.

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Internal Control Over Compliance

The management of Pike 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 Pike 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.

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 considered to be material weaknesses.

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.



Salvatore Consiglio, CPA, Inc.

June 2, 2003

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

1. SUMMARY OF AUDITOR'S RESULTS
--

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
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 § .510?	No
Major Programs (list):	CFDA #14.871 and 14.872
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
--

There are no Findings or questioned costs for the year ended December 31, 2002.

3. FINDINGS REALTED TO FEDERAL AWARDS
--

There are no Findings or questioned costs for the year ended December 31, 2002.

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

The audit report for the fiscal year ending December 31, 2001 contained not audit finding.



**Auditor of State
Betty Montgomery**

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

PIKE COUNTY METROPOLITAN HOUSING AUTHORITY

PIKE 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
SEPTEMBER 30, 2003**