

**GENERAL PURPOSE
FINANCIAL STATEMENTS**

of the

**ALLEN METROPOLITAN
HOUSING AUTHORITY**

for the

Year Ended June 30, 2003



**Auditor of State
Betty Montgomery**

Board of Directors
Allen Metropolitan Housing Authority

We have reviewed the Independent Auditor's Report of the Allen Metropolitan Housing Authority, Allen County, prepared by Jones, Cochenour & Co. for the audit period July 1, 2002 through June 30, 2003. 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 Allen Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

January 22, 2004

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Allen Metropolitan Housing Authority
Lima, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited the accompanying general-purpose financial statements of Allen Metropolitan Housing Authority, as of and for the year ended June 30, 2003, as listed in the table of contents. These general purpose financial statements are the responsibility of the Allen Metropolitan Housing 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Allen Metropolitan Housing Authority, as of June 30, 2003, and the results of its operations and the cash flows of its proprietary fund type activities 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 October 3, 2003 on our consideration of Allen Metropolitan Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Allen Metropolitan Housing Authority. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government and Non-Profit Organizations* and is not a required part of the financial statements. The financial data schedule ("FDS") and cost certifications are presented for purposes of additional analysis as required by the Department of Housing and Urban Development and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Jones, Cochenour & Co.
October 3, 2003

**Allen Metropolitan Housing Authority
Balance Sheet
Proprietary Fund Type
Enterprise Fund
June 30, 2003**

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	1,865,812
Investments		219,582
Intergovernmental receivables		291,730
Receivables - net of allowance		320
Due from other programs		140,447
Inventories - net of allowance		15,358
Deferred charges and other assets		92,575

TOTAL CURRENT ASSETS 2,625,824

FIXED ASSETS - NET OF ACCUMULATED DEPRECIATION 10,801,710

TOTAL ASSETS \$ 13,427,534

LIABILITIES, EQUITY AND OTHER CREDITS

CURRENT LIABILITIES

Accounts payable	\$	28,016
Due to other programs		140,446
Intergovernmental payables		139,913
Accrued compensated absences		35,009
Tenant security deposits		50,272
Deferred credits and other liabilities		60,773

TOTAL CURRENT LIABILITIES 454,429

NONCURRENT LIABILITIES

Accrued compensated absences		9,940
FSS liability		80,567

TOTAL NONCURRENT LIABILITIES 90,507

EQUITY AND OTHER CREDITS

Contributed capital		9,394,599
Undesignated retained earnings		3,487,999

TOTAL EQUITY AND OTHER CREDITS 12,882,598

**TOTAL LIABILITIES, RETAINED EARNINGS
AND OTHER CREDITS** \$ 13,427,534

See accompanying notes to the general purpose financial statements

Allen Metropolitan Housing Authority
Statement of Revenues, Expenses and Changes in Retained Earnings
Proprietary Fund Type
Enterprise Fund
Year Ended June 30, 2003

OPERATING REVENUE	
Tenant revenue	\$ 219,558
Program operating grants/subsidies	8,605,303
Other income	<u>1,618</u>
TOTAL OPERATING REVENUE	8,826,479
 OPERATING EXPENSES	
Administrative	924,631
Tenant services	5,322
Utilities	60,305
Maintenance	503,355
Protective services	74,076
General	138,692
Bad debts	28,889
Extraordinary maintenance	20,284
Housing assistance payments	6,318,804
Casulty Loss	43,238
Depreciation	<u>671,421</u>
TOTAL OPERATING EXPENSES	<u>8,789,017</u>
NET OPERATING INCOME	37,462
 NON-OPERATING REVENUE (EXPENSES)	
Interest income	15,770
Loss on sale of properties	<u>(15,728)</u>
NET INCOME	37,504
RETAINED EARNINGS AND OTHER CREDITS, BEGINNING	12,832,976
 PRIOR PERIOD ADJUSTMENTS/EQUITY TRANSFERS	 <u>12,118</u>
RETAINED EARNINGS AND OTHER CREDITS, BEGINNING RESTATED	<u>12,845,094</u>
RETAINED EARNINGS AND OTHER CREDITS, ENDING	<u><u>\$ 12,882,598</u></u>

See accompanying notes to the general purpose financial statements

**Allen Metropolitan Housing Authority
Statement of Cash Flows
Proprietary Fund Type
Enterprise Fund
Year Ended June 30, 2003**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net operating income	\$ 37,462
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	671,421
Prior period adjustment affecting residual receipts	8,547
Loss on sale of fixed assets	15,728
(Increase) decrease in:	
Receivables - net of allowance	56,823
Due from other programs	57,078
Inventories - net of allowance	1,160
Deferred charges and other assets	4,046
Increase (decrease) in:	
Accounts payable	8,790
Due to other programs	(57,078)
Intergovernmental payable	(60,718)
Accrued compensated absences/payroll/taxes	(4,982)
Tenant security deposits	(4,368)
Deferred credits and other liabilities	5,867
NET CASH PROVIDED BY OPERATING ACTIVITIES	739,776
CASH FLOWS FROM CAPITAL ACTIVITIES:	
Acquisition of capital assets	(556,784)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Earnings on investments	12,538
INCREASE IN CASH AND CASH EQUIVALENTS	195,530
CASH AND CASH EQUIVALENTS, BEGINNING	1,670,282
CASH AND CASH EQUIVALENTS, ENDING	\$ 1,865,812

See accompanying notes to the general purpose financial statements

Allen Metropolitan Housing Authority
Notes to the General Purpose Financial Statements
Proprietary Fund Type
Enterprise Fund
June 30, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

The financial statements of the Allen Metropolitan Housing Authority (the "Authority") have been prepared in conformity with accounting principles generally accepted in the United States of America (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 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 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.

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

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

Fund Accounting

The Authority uses the proprietary fund to report on its financial position and the results of its operations for the Section 8 and public housing programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

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

Allen Metropolitan Housing Authority
Notes to the General Purpose Financial Statements
Proprietary Fund Type
Enterprise Fund
June 30, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

Investments are restricted by the provisions of the HUD Regulations (See Note 3). Investments are valued at market value. Interest income earned in fiscal year 2003 totaled \$15,770. The interest income earned on the general fund investments in the Section 8 program is required to be returned to HUD and this amount was \$2,155 for the year ended June 30, 2003.

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. The following are the useful lives used for depreciation purposes:

Buildings – residential	27.5
Buildings – non residential	40
Building improvements	15
Furniture – dwelling	7
Furniture – non-dwelling	7
Equipment – dwelling	5
Equipment – non-dwelling	7
Autos and trucks	5
Computer hardware	3
Computer software	3
Leasehold improvements	15
Land improvements	15

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.

Allen Metropolitan Housing Authority
Notes to the General Purpose Financial Statements
Proprietary Fund Type
Enterprise Fund
June 30, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 absences 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 contributions 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.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Receivables – net of allowance

Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant receivable balances at the end of the year. The allowance for uncollectable receivables was \$10 at June 30, 2003.

Inventories

Inventories are stated at cost. The allowance for obsolete inventory was \$1,700 at June 30, 2003.

Accounting and Reporting for Nonexchange Transactions

The Authority adopted GASB 33 effective for the year ended June 30, 2002. Nonexchange transactions occur when the Public Housing Authority (PHA) receives (or gives) value without directly giving equal value in return. GASB 33 identifies four classes of nonexchange transactions as follows:

- **Derived tax revenues:** result from assessments imposed on exchange transactions (i.e., income taxes, sales taxes and other assessments on earnings or consumption).
- **Imposed nonexchange revenues:** result from assessments imposed on nongovernmental entities, including individuals, other than assessments on exchange transactions (i.e. property taxes and fines).
- **Government-mandated nonexchange transactions:** occur when a government at one level provides

**Allen Metropolitan Housing Authority
Notes to the General Purpose Financial Statements
Proprietary Fund Type
Enterprise Fund
June 30, 2003**

resources to a government at another level and requires the recipient to use the resources for a specific purpose (i.e., federal programs that state or local governments are mandated to perform).

Allen Metropolitan Housing Authority
Notes to the General Purpose Financial Statements
Proprietary Fund Type
Enterprise Fund
June 30, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accounting and Reporting for Nonexchange Transactions - Continued

- Voluntary nonexchange transactions: result from legislative or contractual agreements, other than exchanges, entered into willingly by the parties to the agreement (i.e., certain grants and private donations).

PHA grants and subsidies will be defined as a government-mandated or voluntary nonexchange transactions.

GASB 33 establishes two distinct standards depending upon the kind of stipulation imposed by the provider.

- Time requirements specify (a) the period when resources are required to be used or when use may begin (for example, operating or capital grants for a specific period) or (b) that the resources are required to be maintained intact in perpetuity or until a specified date or event has occurred (for example, permanent endowments, term endowments, and similar agreements). Time requirements affect the timing of recognition of nonexchange transactions.
- Purpose restrictions specify the purpose for which resources are required to be used. (i.e. capital grants used for the purchase of capital assets). Purpose restrictions do not affect when a nonexchange transaction is recognized. However, PHAs that receive resources with purpose restrictions should report resulting net assets, equity, or fund balance as restricted.

The PHA will recognize assets (liabilities) when all applicable eligibility requirements are met or resources received whichever is first. Eligibility requirements established by the provider may stipulate the qualifying characteristics of recipients, time requirements, allowable costs, and other contingencies.

The PHA will recognize revenues (expenses) when all applicable eligibility requirements are met. For transactions that have a time requirement for the beginning of the following period, PHAs should record resources received prior to that period as deferred revenue and the provider of those resources would record an advance.

The PHA receives government-mandated or voluntary nonexchange transactions, which do not specify time requirements. Upon award, the entire subsidy should be recognized as a receivable and revenue in the period when applicable eligibility requirements have been met.

3. CASH

Cash

State statutes classify monies held by the Authority into three categories.

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

Inactive deposits are public deposits that the Authority has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to passbook accounts.

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

Allen Metropolitan Housing Authority
Notes to the General Purpose Financial Statements
Proprietary Fund Type
Enterprise Fund
June 30, 2003

3. CASH - CONTINUED

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, but 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.

The Authority's deposits are categorized to give an indication of the level of risk assumed by the entity at year end. Category 1 includes deposits that are insured or collateralized with securities held by the Authority or its safekeeping agent in the Authority's name. Category 2 includes uninsured deposits collateralized with securities held by the pledging financial institution's trust department or safekeeping agent in the Authority's name. Category 3 includes uninsured and uncollateralized with securities held by the pledging institution, or by its trust department or safekeeping agent, but not in the Authority's name.

Deposits: The carrying amount of the Authority's deposits totaled \$2,085,394, which includes \$300 petty cash and \$219,582 in certificate of deposits that exceeded three months. The corresponding bank balances totaled \$2,085,611.

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

Category 1:	\$300,000 was covered by federal depository insurance
Category 2:	\$1,785,611 was covered by specific collateral pledged by the financial institution in the name of the Authority.

5. RISK MANAGEMENT

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. There was no significant reduction in coverages and no settlements exceeded insurance coverage during the past three years.

6. FIXED ASSETS

The following is a summary:

Land	\$ 964,356
Buildings	16,678,627
Furniture and equipment - dwellings	26,064
Furniture and equipment - administrative	392,368
Leasehold improvements	55,695
	<hr/>
	18,117,110
Accumulated depreciation	<hr/> (7,315,400) <hr/>
 NET FIXED ASSETS	 <hr/> <hr/> \$ 10,801,710 <hr/> <hr/>

Allen Metropolitan Housing Authority
Notes to the General Purpose Financial Statements
Proprietary Fund Type
Enterprise Fund
June 30, 2003

6. FIXED ASSETS - CONTINUED

	Balance June 30, 2002	Additions / Reclass	Deletions / Corrections	Balance June 30, 2003
Land	\$ 970,922	\$ -	\$ 6,566	\$ 964,356
Buildings	16,265,947	488,074	75,394	16,678,627
Furniture and equipment				
- dwellings	32,088	-	6,024	26,064
Furniture and equipment				
- administrative	335,439	56,929	-	392,368
Leasehold improvements	43,914	11,781	-	55,695
TOTAL FIXED ASSETS	\$ 17,648,310	\$ 556,784	\$ 87,984	\$ 18,117,110

The following is a summary of changes:

The depreciation expense for the year ended June 30, 2003 was \$671,421.

7. 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. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtaining by writing to the Public Employee Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the Authority was required to contribute 9.35 percent through June 30. The calculation changed to .9565 times the employee's withheld amount effective July 1, 2001. Contributions are authorized by State statute. The contribution rates are determined actuarially. The Authority's required contributions to PERS for the years ended June 30, 2003, 2002 and 2001 were \$108,073, \$94,201, and \$94,693, respectively. The full amount has been contributed for 2001 and 2002. Eighty-nine percent (88%) has been contributed for 2003, with the remainder being reported as a liability within the enterprise fund.

8. POSTEMPLOYMENT BENEFITS – PUBLIC EMPLOYEES RETIREMENT SYSTEM

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and primary survivor recipients of such retirees. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASV Statement No. 12, "Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers". A portion of each employer's contribution on OPERS is set aside for the funding of postretirement health care based on authority granted by State statute. The employer contribution rate for 2002 was 13.55 percent of covered payroll, 4.30 percent was the portion that was used to fund health care.

Benefits are advance-funded using the entry are normal cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2001, include a rate of return on

**Allen Metropolitan Housing Authority
Notes to the General Purpose Financial Statements
Proprietary Fund Type
Enterprise Fund
June 30, 2003**

investments of 8.0 percent, an annual increase in active employee total payroll of 4.0 percent compounded

8. POSTEMPLOYMENT BENEFITS – PUBLIC EMPLOYEES RETIREMENT SYSTEM- CONTINUED

annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

The number of active contributing participants was 402,041. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits as December 31, 2001 (the latest information available) were \$11.6 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$16.4 billion and \$4.8 billion, respectively.

9. FDS SCHEDULE SUBMITTED TO HUD

For the fiscal year ended June 30, 2003, the Authority electronically submitted an unaudited version of the combining balance sheet, statement of revenues, expenses and changes in retained earnings and other data to HUD as required on the GAAP basis. The audited version of the FDS schedules are on pages 12-15. The schedules are presented in the manner prescribed by Housing and Urban Development. These schedules can be used to tie the total assets and liabilities into the combined statements.

10. EQUITY AND OTHER CREDITS

	<u>Total</u>	<u>Contributed Capital</u>	<u>Undesignated Retained Earnings</u>
Beginning Balance	\$ 12,832,976	\$ 10,083,252	\$ 2,749,724
Correction of Accounts Payable	16,495	-	16,495
Correction of Fixed Assets	(4,377)	(4,377)	-
Correction of Equity (Depreciation)	-	(88,358)	88,358
Net Income 2003	37,504	(595,918)	633,422
Ending Balance	<u>\$ 12,882,598</u>	<u>\$ 9,394,599</u>	<u>\$ 3,487,999</u>

Allen Metropolitan Housing Authority
Balance Sheet
FDS Schedule Submitted to HUD
Proprietary Fund Type
Enterprise Fund
June 30, 2003

FDS Line Item No.	Account Description	14.850 Public & Indian Hsg		14.871 Section 8 Vouchers	14.182 Section 8 NC/SR	14.856 Section 8 Mod Rehab	14.854 Drug Elim.	14.850b Develop	14.872 Capital Fund	Other Business Activity	TOTAL
ASSETS											
111	Cash - unrestricted	\$ 628,805	\$ -	\$ 424,442	\$ 143,093	\$ 18,855	\$ -	\$ -	\$ -	\$ 20,999	\$ 1,236,194
113	Cash - other restricted	497,011	-	80,567	-	-	-	-	-	-	577,578
114	Cash - tenant security deposits	52,040	-	-	-	-	-	-	-	-	52,040
100	TOTAL CASH	1,177,856	-	505,009	143,093	18,855	-	-	-	20,999	1,865,812
122	Accounts receivable - HUD other proj	-	-	184,483	27,573	-	28,285	-	51,389	-	291,730
126	A/R Tenants - dwelling rents	330	-	-	-	-	-	-	-	-	330
126.1	Allowance for doubtful accts	(10)	-	-	-	-	-	-	-	-	(10)
127	Notes and mortgages rec - current	124,861	-	-	-	-	-	-	-	-	124,861
127.1	Allowance for notes	(124,861)	-	-	-	-	-	-	-	-	(124,861)
120	TOTAL ACCOUNTS RECEIVABLE	320	-	184,483	27,573	-	28,285	-	51,389	-	292,050
131	Investments - unrestricted	-	-	-	-	-	-	-	-	219,582	219,582
142	Prepaid expenses and other assets	92,575	-	-	-	-	-	-	-	-	92,575
143	Inventories	17,058	-	-	-	-	-	-	-	-	17,058
143.1	Allowance for obsolete inventory	(1,700)	-	-	-	-	-	-	-	-	(1,700)
144	Interprogram due from	79,674	-	-	-	-	-	60,773	-	-	140,447
150	TOTAL CURRENT ASSETS	1,365,783	-	689,492	170,666	18,855	28,285	60,773	51,389	240,581	2,625,824
161	Land	751,024	14,421	-	-	-	-	198,911	-	-	964,356
162	Buildings	13,278,512	499,995	-	-	-	-	2,339,041	561,079	-	16,678,627
163	Furniture and equipment - dwellings	26,064	-	-	-	-	-	-	-	-	26,064
164	Furniture and equipment - admin	257,275	15,134	62,445	-	-	-	-	57,514	-	392,368
165	Leasehold improvements	-	43,914	-	-	-	-	-	11,781	-	55,695
166	Accumulated depreciation	(6,590,650)	(48,041)	(46,553)	-	-	-	(600,744)	(29,412)	-	(7,315,400)
167	Construction in progress	-	-	-	-	-	-	-	-	-	-
160	TOTAL FIXED ASSETS, NET	7,722,225	525,423	15,892	-	-	-	1,937,208	600,962	-	10,801,710
180	TOTAL NON-CURRENT ASSETS	7,722,225	525,423	15,892	-	-	-	1,937,208	600,962	-	10,801,710
190	TOTAL ASSETS	\$ 9,088,008	\$ 525,423	\$ 705,384	\$ 170,666	\$ 18,855	\$ 28,285	\$ 1,997,981	\$ 652,351	\$ 240,581	\$ 13,427,534

See independent auditors' report

Allen Metropolitan Housing Authority
Balance Sheet
FDS Schedule Submitted to HUD
Proprietary Fund Type
Enterprise Fund
June 30, 2003

FDS Line Item No.	Account Description	14.850 Public & Indian Hsg	14.852 CIAP	14.871 Section 8 Vouchers	14.182 Section 8 NC/SR	14.856 Section 8 Mod Rehab	14.854 Drug Elim.	14.850b Develop	14.872 Capital Fund	Other Business Activity	TOTAL
	LIABILITIES										
312	Accounts payable <=90 days	\$ 7,230	\$ -	\$ 5,628	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,858
322	Accrued compensated absences	18,263	-	16,468	-	-	-	-	-	-	34,731
331	Accounts payable - HUD PHA programs	-	-	-	129,212	10,701	-	-	-	-	139,913
333	Accounts payable - other govt	15,158	-	-	-	-	-	-	-	-	15,158
341	Tenant security deposits	50,272	-	-	-	-	-	-	-	-	50,272
342	Deferred revenue	-	-	-	-	-	-	60,773	-	-	60,773
346	Accrued Liabilities - Other	-	-	278	-	-	-	-	-	-	278
347	Interprogram due to	60,772	-	-	-	-	28,285	-	51,389	-	140,446
310	TOTAL CURRENT LIABILITIES	151,695	-	22,374	129,212	10,701	28,285	60,773	51,389	-	454,429
353	Noncurrent liabilities - other	4,970	-	85,537	-	-	-	-	-	-	90,507
350	TOTAL NONCURRENT LIABILITIES	4,970	-	85,537	-	-	-	-	-	-	90,507
300	TOTAL LIABILITIES	156,665	-	107,911	129,212	10,701	28,285	60,773	51,389	-	544,936
513	TOTAL EQUITY	8,931,343	525,423	597,473	41,454	8,154	-	1,937,208	600,962	240,581	12,882,598
600	TOTAL LIABILITIES AND EQUITY	\$ 9,088,008	\$ 525,423	\$ 705,384	\$ 170,666	\$ 18,855	\$ 28,285	\$ 1,997,981	\$ 652,351	\$ 240,581	\$ 13,427,534

See independent auditors' report

Allen Metropolitan Housing Authority
Statement of Revenues, Expenses and Changes in Retained Earnings
FDS Schedule Submitted to HUD
Proprietary Fund Type
Enterprise Fund
Year Ended June 30, 2003

FDS Line Item No.	Account Description	14.850 Public & Indian Hsg	14.852 CIAP	14.871 Section 8 Vouchers	14.182 Section 8 NC/SR	14.856 Section 8 Mod Rehab	14.854 Drug Elim.	14.850b Develop	14.872 Capital Fund	Other Business Activity	TOTAL
REVENUE											
703	Net tenant revenue	\$ 211,887	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 211,887
704	Tenant revenue - other	7,671	-	-	-	-	-	-	-	-	7,671
705	TOTAL TENANT REVENUE	219,558	-	-	-	-	-	-	-	-	219,558
706	PHA HUD grants	838,221	1,859	5,063,809	1,504,458	430,788	74,076	3,500	165,260	-	8,081,971
706.1	Capital contributions	-	-	-	-	-	-	-	523,332	-	523,332
711	Investment income - unrestricted	11,303	-	355	1,625	175	-	-	-	2,312	15,770
715	Other revenue	738	-	-	-	-	-	-	-	439	1,177
716	Gain (loss) on sale of fixed assets	(15,728)	-	441	-	-	-	-	-	-	(15,287)
700	TOTAL REVENUE	1,054,092	1,859	5,064,605	1,506,083	430,963	74,076	3,500	688,592	2,751	8,826,521
EXPENSES											
911	Administrative salaries	316,696	-	209,614	76,459	47,660	-	-	8,224	-	658,653
912	Auditing fees	1,780	-	5,216	1,283	599	-	-	-	-	8,878
914	Compensated absences	(4,125)	-	4,704	-	-	-	-	-	-	579
915	Employee benefit contrib - admin	-	-	71,842	21,460	-	-	-	-	-	93,302
916	Other operating - administrative	22,793	-	124,489	12,280	-	-	-	944	2,713	163,219
924	Tenant services - other	5,322	-	-	-	-	-	-	-	-	5,322
931	Water	15,264	-	-	-	-	-	-	-	-	15,264
932	Electricity	26,498	-	-	-	-	-	-	-	-	26,498
933	Gas	18,543	-	-	-	-	-	-	-	-	18,543
941	Ord maintenance/op - labor	127,988	-	-	-	-	-	-	-	-	127,988
942	Ord maintenance/op - materials	63,940	-	-	-	-	-	-	86,587	-	150,527
943	Ord maintenance/op - cont costs	42,772	1,859	-	-	-	-	3,500	69,505	-	117,636
945	Emp benefit contrib - ord main	107,204	-	-	-	-	-	-	-	-	107,204
952	Protective services - other cont costs	-	-	-	-	-	74,076	-	-	-	74,076

See independent auditors' report

Allen Metropolitan Housing Authority
Statement of Revenues, Expenses and Changes in Retained Earnings
FDS Schedule Submitted to HUD
Proprietary Fund Type
Enterprise Fund
Year Ended June 30, 2003

FDS Line Item No.	Account Description	14.850 Public & Indian Hsg	14.852 CIAP	14.871 Section 8 Vouchers	14.182 Section 8 NC/SR	14.856 Section 8 Mod Rehab	14.854 Drug Elim.	14.850b Develop	14.872 Capital Fund	Other Business Activity	TOTAL
	EXPENSES - CONTINUED										
961	Insurance premiums	\$ 119,388	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 119,388
963	PILOT	19,304	-	-	-	-	-	-	-	-	19,304
964	Bad debts - tenant rents	28,889	-	-	-	-	-	-	-	-	28,889
969	TOTAL OPERATING EXPENSES	912,256	1,859	415,865	111,482	48,259	74,076	3,500	165,260	2,713	1,735,270
970	EXCESS OPERATING REVENUE OVER EXPENSES	141,836	-	4,648,740	1,394,601	382,704	-	-	523,332	38	7,091,251
971	Extraordinary Maintenance	20,284	-	-	-	-	-	-	-	-	20,284
972	Casualty Loss- Not Capitalized	43,238	-	-	-	-	-	-	-	-	43,238
973	Housing Assistance Payments	-	-	4,546,748	1,392,614	379,442	-	-	-	-	6,318,804
974	Depreciation expense	534,304	19,639	7,404	-	-	-	86,628	23,446	-	671,421
900	TOTAL EXPENSES	1,510,082	21,498	4,970,017	1,504,096	427,701	74,076	90,128	188,706	2,713	8,789,017
1001	Operating transfers in	-	-	-	-	-	-	-	-	-	-
1002	Operating transfers out	-	-	-	-	-	-	-	-	-	-
	EXCESS OF REVENUE OVER EXPENSES	(455,990)	(19,639)	94,588	1,987	3,262	-	(86,628)	499,886	38	37,504
1103	Beginning equity	9,320,704	616,069	502,884	39,467	4,892	-	2,023,836	101,076	240,543	12,849,471
1104	Prior period adj/equity transfers	66,629	(71,007)	-	-	-	-	-	-	-	(4,378)
	ENDING EQUITY	\$ 8,931,343	\$ 525,423	\$ 597,472	\$ 41,454	\$ 8,154	\$ -	\$ 1,937,208	\$ 600,962	\$ 240,581	\$ 12,882,597

See independent auditors' report

**Allen Metropolitan Housing Authority
Cost Certifications
June 30, 2003**

OH16-P044-90-999:	
Administration	22,447
Dwelling structures	33,297
Nondwelling equipment	<u>340,092</u>
TOTAL EXPENDED	<u>\$ 395,836</u>
TOTAL RECEIVED	<u>\$ 395,836</u>

OH16-P044-90-898:	
Management improvements	\$ 34,872
Administration	13,900
Site improvement	18,220
Dwelling structures	<u>173,008</u>
TOTAL EXPENDED	<u>\$ 240,000</u>
TOTAL RECEIVED	<u>\$ 240,000</u>

OH16-P044-50-100:	
Operations	\$ 20,000
Management improvements	40,000
Administration	80,000
Dwelling structures	325,179
Dwelling Equipment - Nonexpendable	<u>54,239</u>
TOTAL EXPENDED	<u>\$ 519,418</u>
TOTAL RECEIVED	<u>\$ 519,418</u>

1. The actual cost certificates were signed on March 14, 2002, March 14, 2002 and December 9, 2002, and for 999, 898, and 100, respectively.
2. All costs have been paid through June 30, 2003 and there are no outstanding liabilities.
3. The final costs on the certificates agrees to the Authority's records.

**Allen Metropolitan Housing Authority
Schedule of Federal Awards Expenditures
Year Ended June 30, 2003**

	FEDERAL CFDA NUMBER	FUNDS EXPENDED
<u>FROM U.S. DEPARTMENT OF HUD</u>		
<u>DIRECT PROGRAMS</u>		
PHA Owned Housing:		
Public and Indian Housing	14.850a	\$ 838,221
Public Housing Development Grant	14.850b	3,500
Public Housing Drug Elimination Grant	14.854	74,076
Public Housing Comprehensive Grant	14.852	1,859
Public Housing Capital Fund	14.872	688,592
Housing Assistance Payments:		
Annual Contribution -		
Section 8 Housing Choice Vouchers	14.871	5,063,809
Section 8 Moderate Rehabilitation	14.856	430,788
	Total Cluster	5,494,597
 Section 8 - NC/SR	 14.182	 1,504,458
	Total - All Programs	\$ 8,605,303

See independent auditors' report

**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
Allen Metropolitan Housing Authority
Lima, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited the general purpose financial statements of Allen Metropolitan Housing Authority as of and for the year ended June 30, 2003, and have issued our report thereon dated October 3, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

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

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

Jones, Cochenour & Co.
October 3, 2003

**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
Allen Metropolitan Housing Authority
Lima, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Compliance

We have audited the compliance of Allen Metropolitan Housing Authority with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133* that are applicable to each of its major federal programs for the year ended June 30, 2003. Allen Metropolitan Housing Authority's major federal programs are identified in the summary of auditors' results 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 Allen Metropolitan Housing Authority's management. Our responsibility is to express an opinion on Allen Metropolitan Housing Authority's compliance based on our audit.

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

In our opinion, Allen Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

Internal Control Over Compliance

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

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

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

**Jones, Cochenour & Co.
October 3, 2003**

**Allen Metropolitan Housing Authority
June 30, 2003**

1. SUMMARY OF AUDITORS' 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):	Public Housing CFDA#14.850a Capital Fund CFDA#14.872 Section 8 NC/SR CFDA#14.182
Dollar Threshold: Type A/B Programs	\$300,000
Low Risk Auditee?	Yes

**Schedule of Findings
OMB Circular A-133 § .505 - Continued**

**Allen Metropolitan Housing Authority
June 30, 2003**

2. FINDINGS RELATED TO FINANCIAL STATEMENTS

There are no findings or questioned costs for the year ended June 30, 2003.

3. FINDINGS RELATED TO FEDERAL AWARDS

There are no findings or questioned costs for the year ended June 30, 2003.



**Auditor of State
Betty Montgomery**

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800-282-0370
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ALLEN METROPOLITAN HOUSING AUTHORITY

ALLEN 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
FEBRUARY 10, 2004**