



**GENERAL PURPOSE
FINANCIAL STATEMENTS**

of the

**ALLEN METROPOLITAN
HOUSING AUTHORITY**

for the

Year Ended June 30, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
Columbus, Ohio 43215
Telephone 614-466-4514
800-282-0370
Facsimile 614-728-7398
www.auditor.state.oh.us

Board of Directors
Allen Metropolitan Housing Authority
600 South Main Street
Lima, Ohio 45804

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, 2000 through June 30, 2001. 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.

JIM PETRO
Auditor of State

January 18, 2002

This Page is Intentionally Left Blank.

**ALLEN METROPOLITAN HOUSING AUTHORITY
TABLE OF CONTENTS**

	Page
Independent Auditors' Report	1
General Purpose Financial Statements:	
Balance Sheet – Proprietary Fund Type	2
Statement of Revenues, Expenses and Changes in Retained Earnings – Proprietary Fund Type	3
Statement of Cash Flows - Proprietary Fund Type	4
Notes to the General Purpose Financial Statements	5 – 11
Supplemental Data:	
Balance Sheet – (FDS schedule format)	12 – 13
Statement of Revenues, Expenses and Changes in Retained Earnings – (FDS schedule format)	14 – 15
Schedule of Federal Awards Expenditures	16
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	17
Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	18 – 19
Schedule of Findings and Questioned Costs	20 – 21



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, 2001, 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, 2001, 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 December 17, 2001 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") is 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.
December 17, 2001

**Allen Metropolitan Housing Authority
Balance Sheet
Proprietary Fund Type
Enterprise Fund
June 30, 2001**

ASSETS

Cash and cash equivalents	\$	2,146,923
Investments		210,587
Intergovernmental accounts receivable		712,741
Receivables - net of allowance		3,368
Due from other funds		1,061,194
Inventories - net of allowance		11,692
Accounts receivable - other		168,236
Deferred charges and other assets		57,786
Fixed assets - net of accumulated depreciation		<u>11,108,044</u>
TOTAL ASSETS		<u>\$ 15,480,571</u>

LIABILITIES, RETAINED EARNINGS AND OTHER CREDITS

Accounts payable	\$	101,688
Due to other funds		1,061,194
Intergovernmental payables		78,315
Accrued compensated absences		43,735
Tenant security deposits		43,598
Deferred credits and other liabilities		<u>921,765</u>
TOTAL LIABILITIES		2,250,295
TOTAL RETAINED EARNINGS AND OTHER CREDITS		<u>13,230,276</u>
TOTAL LIABILITIES, RETAINED EARNINGS AND OTHER CREDITS		<u>\$ 15,480,571</u>

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
June 30, 2001

OPERATING REVENUE	
Tenant revenue	\$ 185,805
Program operating grants/subsidies	5,788,708
Other income	<u>82,514</u>
TOTAL OPERATING REVENUE	6,057,027
 OPERATING EXPENSES	
Administrative	817,762
Tenant services	3,164
Utilities	58,035
Maintenance	310,509
Protective services	26,707
General	89,905
Bad debts	16,513
Extraordinary maintenance	119,180
Housing assistance payments	4,188,310
Depreciation	<u>609,686</u>
TOTAL OPERATING EXPENSES	<u>6,239,771</u>
NET OPERATING LOSS	(182,744)
 NON-OPERATING REVENUE	
Interest income	<u>135,114</u>
NET LOSS	(47,630)
RETAINED EARNINGS AND OTHER CREDITS, BEGINNING	13,871,316
PRIOR PERIOD ADJUSTMENTS/EQUITY TRANSFERS	<u>(593,410)</u>
RETAINED EARNINGS AND OTHER CREDITS, ENDING	<u><u>\$ 13,230,276</u></u>

See accompanying notes to the general purpose financial statements

**Allen Metropolitan Housing Authority
Statement of Cash Flows
Proprietary Fund Type
Enterprise Fund
June 30, 2001**

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from HUD	\$	3,937,709
Cash received from tenants		252,040
Cash payments for housing assistance payments		(4,188,310)
Cash payments for administrative		(1,299,228)
Cash payments for other operating expenses		(607,500)
Cash payments to HUD and other governments		<u>(15,227)</u>

**NET CASH PROVIDED BY
OPERATING ACTIVITIES** (1,920,516)

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Acquisition of capital assets		(103,134)
Funds from HUD		289,207

CASH FLOWS FROM INVESTING ACTIVITIES:

Investment income		135,114
Investment additions		<u>32,206</u>

INCREASE IN CASH AND CASH EQUIVALENTS (1,567,123)

CASH AND CASH EQUIVALENTS, BEGINNING 3,714,046

CASH AND CASH EQUIVALENTS, ENDING \$ 2,146,923

RECONCILIATION OF OPERATING LOSS TO NET CASH

USED BY OPERATING ACTIVITIES:

Net operating loss	\$	(182,744)
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation		609,686
(Increase) decrease in:		
Intergovernmental receivables		(642,165)
Receivables - net of allowance		1,655
Due from other funds		(1,061,194)
Inventories - net of allowance		(4,487)
Accounts receivable - other		(13,315)
Deferred charges and other assets		(6,740)
Increase (decrease) in:		
Accounts payable		13,566
Due to other funds		1,061,194
Accounts payable - other		(467,735)
Intergovernmental payable		(1,652,916)
Accrued compensated absences		(22,810)
Tenant security deposits		(4,619)
Deferred credits and other liabilities		<u>452,108</u>

**NET CASH PROVIDED
BY OPERATING ACTIVITIES** \$ (1,920,516)

See accompanying notes to the general purpose financial statements

Allen Metropolitan Housing Authority
Notes to the general purpose financial statements
June 30, 2001

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
June 30, 2001

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 2001 totaled \$82,537. The interest income earned on the general fund investments is required to be returned to HUD and this amount was \$56,155 for the year ended June 30, 2001.

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
June 30, 2001

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 \$4,200 at June 30, 2001.

Inventories

Inventories are stated at cost. The allowance for obsolete inventory was \$-0- at June 30, 2001.

Accounting and Reporting for Nonexchange Transactions

The Authority adopted GASB 33 effective for the year ended June 30, 2001. 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 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
June 30, 2001

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.

2. RECONCILIATION FROM GAAP BASIS TO HUD BASIS

The following table summarizes the adjustments necessary to reconcile the GAAP basis financial statements to the HUD basis year end reports filed with HUD:

	<u>Public Housing</u>	<u>New Construction</u>	<u>Housing Choice Voucher</u>	<u>MOD Rehab</u>
GAAP Basis Income (Loss)	\$ (390,151)	\$ -	\$ 38,439	\$ -
Increase (Decrease) in:				
Depreciation expense	<u>511,407</u>	<u>-</u>	<u>5,660</u>	<u>-</u>
HUD BASIS RESIDUAL RECEIPTS (DEFICIT) FOR YEAR END REPORTS	<u><u>\$ 121,256</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 44,099</u></u>	<u><u>\$ -</u></u>

Allen Metropolitan Housing Authority
Notes to the general purpose financial statements
June 30, 2001

3. CASH AND INVESTMENTS

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

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

Deposits: The carrying amount of Allen Metropolitan Housing Authority's deposits totaled \$2,146,923. The corresponding bank balances totaled \$2,826,718. The carrying amount includes petty cash of \$450. The Authority had investments of certificates of deposits that exceeded three months in the amount of \$210,587 at June 30, 2001.

The \$314,214 was covered by federal depository insurance in four banks and the remaining \$2,512,504 was covered by collateralization held by the banks for the Authority's deposits as required by HUD.

4. NOTE TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

The accompanying schedule of federal awards expenditures is a summary of the activity of the Authority's federal award programs. The schedule has been prepared on the cash basis of accounting.

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	\$	970,922
Buildings		15,972,596
Furniture and equipment - dwellings		32,088
Furniture and equipment - administrative		383,860
Leasehold improvements		<u>6,920</u>
		17,366,386
Accumulated depreciation		<u>(6,258,343)</u>
NET FIXED ASSETS	\$	<u>11,108,043</u>

Allen Metropolitan Housing Authority
Notes to the general purpose financial statements
June 30, 2001

6. FIXED ASSETS - CONTINUED

The following is a summary of changes:

	Balance <u>June 30, 2000</u>	Additions / <u>Reclass</u>	Deletions / <u>Corrections</u>	Balance <u>June 30, 2001</u>
Land	\$ 956,501	\$ 14,421	\$ -	\$ 970,922
Buildings	16,418,225	-	445,629	15,972,596
Furniture and equipment				
- dwellings	312,754	-	280,666	32,088
Furniture and equipment				
- administrative	1,471,311	81,793	1,169,244	383,860
Leasehold improvements	<u>-</u>	<u>6,920</u>	<u>-</u>	<u>6,920</u>
TOTAL FIXED ASSETS	<u>\$ 19,158,791</u>	<u>\$ 103,134</u>	<u>\$ 1,895,539</u>	<u>\$ 17,366,386</u>

The depreciation expense for the year ended June 30, 2001 was \$569,159.

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 obtained by writing to the Public Employee Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations 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, 2000. 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, 2001, 2000 and 1999 were \$94,693, \$91,698, and \$78,429, respectively. The full amount has been contributed for 2000 and 2001. Eighty-nine percent (89%) has been contributed for 2001, with the remainder being reported as a liability within the enterprise fund.

8. POSTEMPLOYMENT BENEFITS – PUBLIC EMPLOYEES RETIREMENT SYSTEM

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 2000 employer contribution rate was 10.84 percent of covered payroll; 4.30 percent was the portion that was used to fund health care for 2000. For 1999, the contribution rate was 13.55 percent.

Allen Metropolitan Housing Authority
Notes to the general purpose financial statements
June 30, 2001

8. POSTEMPLOYMENT BENEFITS – PUBLIC EMPLOYEES RETIREMENT SYSTEM - CONTINUED

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 1999, 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 (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 increased. 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. The number of active contributing participants was 401,339. The Authority's actual contributions for 2001 which were used to fund postemployment benefits were \$8,550. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 1999, (the latest information available) were \$10,805.5 million. The actuarially accrued liability and the unfunded actuarial accrued liability were \$12,473.6 million and \$1,668.1 million, respectively.

For 2000, PERS elected to return to an actuarially pre-funded type of disclosure because it is a better presentation of PERS's actual funding methodology. Since 1997, disclosures had been based on a pay-as-you-go funding basis.

9. RETAINED EARNINGS AND OTHER CREDITS/PRIOR PERIOD ADJUSTMENTS:

	<u>Total</u>	<u>Contributed Capital</u>	<u>Retained Earnings</u>
Balance as of June 30, 2000	\$ 13,871,316	\$ 13,462,850	\$ 408,466
Net loss as of June 30, 2001	(47,630)	(604,622)	556,992
Receivable for TANF corrected	(38,226)	-	(38,226)
Payable to HUD corrected	357,306	-	357,306
Soft costs not properly expensed in prior years	(134,774)	(134,774)	-
GAAP conversion accumulated depreciation and fixed assets incorrect	(2,524,545)	(2,017,235)	(507,310)
Correction of soft costs for development project	(14,655)	(14,655)	-
Deferred revenue not recorded properly in prior years	(230,731)	-	(230,731)
Amount earned in deferred revenue in prior years	14,135	-	14,135
Development monies incorrected recorded	1,958,191	-	1,958,191
Equity transfers	<u>19,889</u>	<u>-</u>	<u>19,889</u>
Balance as of June 30, 2001	<u>\$ 13,230,276</u>	<u>\$ 10,691,564</u>	<u>\$ 2,538,712</u>

Allen Metropolitan Housing Authority
Balance Sheet
FDS Schedule Submitted to HUD
Proprietary Fund Type
Enterprise Fund
June 30, 2001

FDS Line Item No.	Account Description	14.850A Low Rent Public Hsg	14.852 CIAP	14.871 Sect. 8 Hsg Choice VO	14.182 Sect. 8 New Cons Prgm	14.856 Sect. 8 Mod Rehab	14.854 Drug Elimination	14.850B Develop	14.872 Capital Grant Fund	State Local	14.864 EDSS	TOTAL
ASSETS												
111	Cash - unrestricted	\$ 1,158,609	\$ -	\$ 585,057	\$ 177,263	\$ 79,264	\$ -	\$ -	\$ -	\$ 17,267	\$ -	\$ 2,017,460
113	Cash - other restricted	-	-	80,990	-	-	-	-	-	-	-	80,990
114	Cash - tenant security deposits	48,473	-	-	-	-	-	-	-	-	-	48,473
100	TOTAL CASH	1,207,082	-	666,047	177,263	79,264	-	-	-	17,267	-	2,146,923
122	Accounts receivable - HUD other proj	-	369,195	-	252,232	-	26,707	1,425	44,174	-	-	693,733
124	Accounts receivable - other state local	-	-	19,008	-	-	-	-	-	-	-	19,008
125	Accounts receivable - miscellaneous	43,375	-	-	-	-	-	-	-	-	-	43,375
126	A/R Tenants - dwelling rents	7,568	-	-	-	-	-	-	-	-	-	7,568
126.1	Allowance for doubtful accts	(4,200)	-	-	-	-	-	-	-	-	-	(4,200)
127	Notes and mortgage receiv current	124,861	-	-	-	-	-	-	-	-	-	124,861
120	TOTAL ACCOUNTS RECEIVABLE	171,604	369,195	19,008	252,232	-	26,707	1,425	44,174	-	-	884,345
131	Investments - unrestricted	-	-	-	-	-	-	-	-	210,587	-	210,587
142	Prepaid expenses and other assets	57,786	-	-	-	-	-	-	-	-	-	57,786
143	Inventories	11,692	-	-	-	-	-	-	-	-	-	11,692
144	Interprogram due from	441,501	205,070	178,307	-	-	-	234,672	-	1,644	-	1,061,194
150	TOTAL CURRENT ASSETS	1,889,665	574,265	863,362	429,495	79,264	26,707	236,097	44,174	229,498	-	4,372,527
161	Land	757,591	14,421	-	-	-	-	198,910	-	-	-	970,922
162	Buildings	13,414,697	389,257	-	-	-	-	2,168,642	-	-	-	15,972,596
163	Furniture and equipment - dwellings	-	10,088	-	-	-	-	22,000	-	-	-	32,088
164	Furniture and equipment - admin	168,557	9,895	205,408	-	-	-	-	-	-	-	383,860
165	Leasehold improvements	-	6,920	-	-	-	-	-	-	-	-	6,920
166	Accumulated depreciation	(5,593,248)	(20,392)	(193,688)	-	-	-	(451,014)	-	-	-	(6,258,342)
160	TOTAL FIXED ASSETS, NET	8,747,597	410,189	11,720	-	-	-	1,938,538	-	-	-	11,108,044
171	Mortgages - noncurrent	-	-	-	-	-	-	-	-	-	-	-
180	TOTAL NON-CURRENT ASSETS	8,747,597	410,189	11,720	-	-	-	1,938,538	-	-	-	11,108,044
190	TOTAL ASSETS	\$ 10,637,262	\$ 984,454	\$ 875,082	\$ 429,495	\$ 79,264	\$ 26,707	\$ 2,174,635	\$ 44,174	\$ 229,498	\$ -	\$ 15,480,571

Allen Metropolitan Housing Authority
Balance Sheet
FDS Schedule Submitted to HUD
Proprietary Fund Type
Enterprise Fund
June 30, 2001

FDS Line Item No.	Account Description	14.850A Low Rent Public Hsg	14.852 CIAP	14.871 Sect. 8 Hsg Choice VO	14.182 Sect. 8 New Cons Prgm	14.856 Sect. 8 Mod Rehab	14.854 Drug Elimination	14.850B Develop	14.872 Capital Grant Fund	State Local	14.864 EDSS	TOTAL
LIABILITIES												
312	Accounts payable <=90 days	\$ 97,006	\$ -	\$ 4,682	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 101,688
322	Accrued compensated absences	27,358	-	16,377	-	-	-	-	-	-	-	43,735
331	Accounts payable - HUD PHA programs	-	-	32,442	12,381	32,503	-	-	-	-	-	77,326
333	Accounts payable - other govt	989	-	-	-	-	-	-	-	-	-	989
341	Tenant security deposits	43,598	-	-	-	-	-	-	-	-	-	43,598
342	Deferred revenue	685	205,070	293,779	59,808	46,761	-	234,672	-	-	-	840,775
347	Interprogram due to	618,049	369,195	1,644	-	-	26,707	1,425	44,174	-	-	1,061,194
310	TOTAL CURRENT LIABILITIES	787,685	574,265	348,924	72,189	79,264	26,707	236,097	44,174	-	-	2,169,305
353	Noncurrent liabilities - other	-	-	80,990	-	-	-	-	-	-	-	80,990
350	TOTAL NONCURRENT LIABILITIES	-	-	80,990	-	-	-	-	-	-	-	80,990
300	TOTAL LIABILITIES	787,685	574,265	429,914	72,189	79,264	26,707	236,097	44,174	-	-	2,250,295
513	TOTAL EQUITY	9,849,577	410,189	445,168	357,306	-	-	1,938,538	-	229,498	-	13,230,276
600	TOTAL LIABILITIES AND EQUITY	\$ 10,637,262	\$ 984,454	\$ 875,082	\$ 429,495	\$ 79,264	\$ 26,707	\$ 2,174,635	\$ 44,174	\$ 229,498	\$ -	\$ 15,480,571

Allen Metropolitan Housing Authority
Balance Sheet
FDS Schedule Submitted to HUD
Proprietary Fund Type
Enterprise Fund
June 30, 2001

FDS Line Item No.	Account Description	14.850A Low Rent Public Hsg	14.852 CIAP	14.871 Sect. 8 Hsg Choice VO	14.182 Sect. 8 New Cons Prgm	14.856 Sect. 8 Mod Rehab	14.854 Drug Elimination	14.850B Develop	14.872 Capital Grant Fund	State Local	14.864 EDSS	TOTAL
REVENUE												
703	Net tenant revenue	\$ 185,805	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 185,805
705	TOTAL TENANT REVENUE	185,805	-	-	-	-	-	-	-	-	-	185,805
706	PHA HUD grants	687,176	369,195	2,733,619	1,499,320	422,411	26,707	1,425	44,174	-	4,681	5,788,708
711	Investment income - unrestricted	43,606	-	78,907	-	-	-	-	-	8,971	-	131,484
714	Fraud recovery	-	-	999	-	-	-	-	-	-	-	999
720	Investment income - restricted	-	-	3,630	-	-	-	-	-	-	-	3,630
	TOTAL REVENUE	945,619	369,195	2,817,155	1,499,320	422,411	26,707	1,425	44,174	61,454	4,681	6,192,141
EXPENSES												
911	Administrative salaries	235,699	-	179,519	67,824	27,540	-	-	-	-	3,823	514,405
912	Auditing fees	901	-	3,209	836	352	-	-	-	-	-	5,298
914	Compensated absenses	(7,017)	-	(15,793)	-	-	-	-	-	-	-	(22,810)
915	Employee benefit contribution - admin	61,147	-	54,655	20,649	8,384	-	-	-	-	858	145,693
916	Other operating - administrative	19,955	-	112,524	29,395	11,936	-	-	-	1,366	-	175,176
924	Tenant services - other	3,164	-	-	-	-	-	-	-	-	-	3,164
931	Water	13,951	-	-	-	-	-	-	-	-	-	13,951
932	Electricity	23,020	-	-	-	-	-	-	-	-	-	23,020
933	Gas	21,064	-	-	-	-	-	-	-	-	-	21,064
941	Ord maintenance/operation - labor	103,112	-	-	-	-	-	-	-	-	-	103,112
942	Ord maintenance/operation - materials	55,769	-	-	-	-	-	-	-	-	-	55,769
943	Ord maintenance/operation - cont costs	49,756	32,582	-	-	-	-	1,425	-	-	-	83,763
945	Emp benefit contrib - ord maintenance	23,691	-	-	-	-	-	-	44,174	-	-	67,865
952	Protective services - other cont costs	-	-	-	-	-	26,707	-	-	-	-	26,707

Allen Metropolitan Housing Authority
Balance Sheet
FDS Schedule Submitted to HUD
Proprietary Fund Type
Enterprise Fund
June 30, 2001

FDS Line Item No.	Account Description	14.850A Low Rent Public Hsg	14.852 CIAP	14.871 Sect. 8 Hsg Choice VO	14.182 Sect. 8 New Cons Prgm	14.856 Sect. 8 Mod Rehab	14.854 Drug Elimination	14.850B Develop	14.872 Capital Grant Fund	State Local	14.864 EDSS	TOTAL
EXPENSES - CONTINUED												
961	Insurance premiums	70,059	-	3,557	1,344	546	-	-	-	-	-	\$ 75,506
963	PILOT	14,399	-	-	-	-	-	-	-	-	-	14,399
964	Bad debts - tenant rents	16,513	-	-	-	-	-	-	-	-	-	16,513
969	TOTAL OPERATING EXPENSES	705,183	32,582	337,671	120,048	48,758	26,707	1,425	44,174	1,366	4,681	1,322,595
970	EXCESS OPERATING REVENUE OVER EXPENSES	240,436	336,613	2,479,484	1,379,272	373,653	-	-	-	60,088	-	4,869,546
971	Extraordinary maintenance	119,180	-	-	-	-	-	-	-	-	-	119,180
973	Housing Assistance Payments	-	-	2,435,385	1,379,272	373,653	-	-	-	-	-	4,188,310
974	Depreciation expense	511,407	10,616	5,660	-	-	-	82,003	-	-	-	609,686
900	TOTAL EXPENSES	1,576,206	43,198	2,778,716	1,499,320	422,411	26,707	83,428	44,174	1,366	4,681	4,917,176
EXCESS OF REVENUE												
1000	OVER EXPENSES	(390,151)	325,997	38,439	-	-	-	(82,003)	-	60,088	-	(47,630)
1103	Beginning equity	13,276,840	-	401,771	23,295	-	-	-	-	169,410	-	13,871,316
1104	Prior period adj/equity transfers	(3,037,112)	84,192	4,958	334,011	-	-	2,020,541	-	-	-	(593,410)
	ENDING EQUITY	\$ 9,849,577	\$ 410,189	\$ 445,168	\$ 357,306	\$ -	\$ -	\$ 1,938,538	\$ -	\$ 229,498	\$ -	\$ 13,230,276

**Allen Metropolitan Housing Authority
Schedule of Federal Awards Expenditures
June 30, 2001**

	<u>FEDERAL CFDA NUMBER</u>	<u>FUNDS EXPENDED</u>
FROM U.S. DEPARTMENT OF HUD DIRECT PROGRAMS		
PHA Owned Housing:		
Public and Indian Housing	14.850A	687,176
Public and Indian Housing CIAP	14.852	369,195
Public and Indian Housing Drug Elimination Program	14.854	26,707
Public Housing Capital Fund	14.872	44,174
Public Housing Development	14.850B	1,425
Housing Assistance Payments:		
Annual Contribution -		
Housing Choice Vouchers	14.871	2,733,619
Section 8 New Construction and Substantial Rehabilitation	14.182	1,499,320
Section 8 Moderate Rehabilitation	14.856	422,411
Economic Development and Supportive Services Program	14.864	<u>4,681</u>
Total - All Programs		<u><u>\$ 5,788,708</u></u>



**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, 2001, and have issued our report thereon dated December 17, 2001. 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. We noted other matters that have been reported to management in a separate letter dated December 17, 2001.

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.
December 17, 2001**



**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, 2001. 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, 2001.

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.
December 17, 2001

**Schedule of Findings and Questioned Costs
OMB Circular A-133 § .505**

**Allen Metropolitan Housing Authority
June 30, 2001**

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):	Housing Choice Vouchers CFDA #14.871
Dollar Threshold: Type A/B Programs	\$300,000
Low Risk Auditee?	Yes

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

**Allen Metropolitan Housing Authority
June 30, 2001**

2. FINDINGS RELATED TO FINANCIAL STATEMENTS

There are no findings or questioned costs for the year ended June 30, 2001.

3. FINDINGS RELATED TO FEDERAL AWARDS

There are no findings or questioned costs for the year ended June 30, 2001.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

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
JANUARY 31, 2002**