



**GENERAL PURPOSE
FINANCIAL STATEMENTS**

of the

Fayette Metropolitan Housing Authority

for the

Year Ended December 31, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

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Board of Directors
Fayette Metropolitan Housing Authority

We have reviewed the Independent Auditor's Report of the Fayette Metropolitan Housing Authority, Fayette County, prepared by Jones, Cochenour & Co. for the audit period January 1, 2000 through December 31, 2000. Based upon this review, we have accepted this report 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 Fayette Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

July 9, 2001

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**FAYETTE METROPOLITAN HOUSING AUTHORITY
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Fayette Metropolitan Housing Authority
Washington Court House, Ohio

Regional Inspector General for Audit
Department of Housing and Urban
Development

We have audited the accompanying general purpose financial statements of Fayette Metropolitan Housing Authority, as of and for the year ended December 31, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of the Fayette 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 U.S. generally accepted auditing standards 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 Fayette Metropolitan Housing Authority, as of December 31, 2000, and the results of its operations and the cash flows of its proprietary fund for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 2, 2001 on our consideration of Fayette 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 Fayette 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 combining financial data ("FDS") schedule 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.
June 2, 2001

**Fayette Metropolitan Housing Authority
Balance Sheet
Proprietary Fund Type
Enterprise Fund
December 31, 2000**

ASSETS

| | | |
|--|----|----------------|
| Cash and cash equivalents | \$ | 311,922 |
| Accounts receivable – HUD | | 4,593 |
| Accounts receivable | | 10,199 |
| Prepaid expenses | | 375 |
| Fixed assets – net of accumulated depreciation | | <u>213,800</u> |

TOTAL ASSETS \$ 540,889

LIABILITIES AND RETAINED EARNINGS

CURRENT LIABILITIES

| | | |
|---|----|--------------|
| Accounts payable | \$ | 38,572 |
| Accounts payable – HUD | | 89,368 |
| Deferred revenues | | 88,759 |
| Current portion of long-term debt - operating | | <u>1,171</u> |

TOTAL CURRENT LIABILITIES 217,870

OTHER LIABILITIES

| | | |
|---|--|----------------|
| Other liabilities | | 9,297 |
| Long term debt less current portion - operating | | <u>171,229</u> |

TOTAL LIABILITIES 398,396

NET ASSETS

| | | |
|--------------|--|----------------|
| Unrestricted | | <u>142,493</u> |
|--------------|--|----------------|

TOTAL LIABILITIES AND NET ASSETS \$ 540,889

See accompanying notes to the general purpose financial statements

Fayette Metropolitan Housing Authority
Statement of Revenues, Expenses and Changes in
Retained Earnings
Proprietary Fund Type
Enterprise Fund
Year Ended December 31, 2000

| | | |
|-------------------------------------|----------------------------------|--------------------------|
| OPERATING REVENUE | | |
| Program grants/subsidies | \$ | 846,303 |
| Other revenue | | <u>223</u> |
| TOTAL OPERATING REVENUE | | 846,526 |
| OPERATING EXPENSES | | |
| Housing assistance payments | | 677,547 |
| Administrative salaries | | 62,958 |
| Auditing fees | | 3,653 |
| Employee benefits – administrative | | 18,253 |
| Other operating – administrative | | 41,886 |
| Depreciation expense | | 7,235 |
| Insurance premium | | 396 |
| Interest expense | | <u>1,868</u> |
| TOTAL OPERATING EXPENSES | | <u>813,796</u> |
| | NET OPERATING INCOME | 32,730 |
| NON-OPERATING REVENUE | | |
| Investment income | | <u>9,211</u> |
| | NET INCOME | 41,941 |
| RETAINED EARNINGS, BEGINNING | | <u>100,552</u> |
| | RETAINED EARNINGS, ENDING | <u>\$ 142,493</u> |

See accompanying notes to the general purpose financial statements

Fayette Metropolitan Housing Authority
Statement of Cash Flows
Proprietary Fund Type
Enterprise Fund
Year Ended December 31, 2000

CASH FLOWS FROM OPERATING ACTIVITIES:

| | | |
|--|----|-----------------|
| Cash received from HUD | \$ | 840,547 |
| Cash payments for housing assistance payments | | (652,469) |
| Cash payments for salaries | | (62,958) |
| Cash payments for other operating expenses | | <u>(27,224)</u> |
| NET CASH PROVIDED FROM OPERATING ACTIVITIES | | 97,896 |

CASH FLOWS FROM INVESTING ACTIVITIES:

| | | |
|----------------------|--|-----------------|
| Investment income | | 9,211 |
| Purchase of property | | <u>(40,000)</u> |

NET INCREASE IN CASH AND CASH EQUIVALENTS **67,107**

CASH AND CASH EQUIVALENTS, BEGINNING **244,815**

CASH AND CASH EQUIVALENTS, ENDING **\$ 311,922**

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:

| | | |
|--|----|--------------------------------|
| Net operating income | \$ | 32,730 |
| Adjustments to reconcile operating loss to net cash used by operating activities | | |
| Depreciation | | 7,235 |
| (Increase) decrease in: | | |
| Accounts receivable – other | | (45,112) |
| Accounts receivable – HUD | | 24,598 |
| Prepaid expenses | | (375) |
| Increase (decrease) in: | | |
| Accounts payable | | 67,709 |
| Accounts payable – HUD | | 25,078 |
| Deferred revenue | | (14,758) |
| FSS escrow | | <u>791</u> |
| NET CASH PROVIDED FROM OPERATING ACTIVITIES | | <u><u>\$ 97,896</u></u> |

See accompanying notes to the general purpose financial statements

Fayette Metropolitan Housing Authority
Notes to the General Purpose Financial Statements
December 31, 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

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

Reporting Entity

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

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

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

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.

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

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 program. 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 Section 8 programs.

Fayette Metropolitan Housing Authority
Notes to the General Purpose Financial Statements
December 31, 2000

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 2). Investments are valued at market value. Interest income earned in fiscal year 2000 totaled \$9,211. The interest income earned on the general fund investments is required to be returned to HUD and this amount was \$4,739 for the year ended December 31, 2000.

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 estimated lives are as follows:

| | |
|------------------|------------------|
| Buildings | 27.5 to 40 years |
| Office equipment | 5 to 10 years |

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.

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

Fayette Metropolitan Housing Authority
Notes to the General Purpose Financial Statements
December 31, 2000

2. CASH AND INVESTMENTS

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

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

Deposits: The carrying amount of Fayette Metropolitan Housing Authority's deposits, totaled \$311,922. The corresponding bank balances totaled \$317,355. Federal depository insurance covered \$100,000 of the bank balance. Collateral was held by securities in the authority's name for \$217,355. The Authority did not have any investments at December 31, 2000.

3. CONTRACT SERVICES

The authority contracts with:

- Fayette County to provide financial services for the housing authority. The authority does not have any employees; instead, services are subcontracted from Fayette County.
- Highland Metropolitan Housing Authority to provide management and financial reporting services. Compensation shall be based on the amount allowed by HUD for performing these services.
- Fayette County Board of Mental Retardation and Developmental Disabilities (MRDD) to provide a rent subsidy program for persons with mental retardation or other developmental disabilities. To provide these services, the authority acquired two residential houses on behalf of the MRDD. The MRDD will maintain a legal interest in the property acquired with community assistance funds and will compensate the authority for housing expenses when vacancies occur in the properties.

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 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During the fiscal year 2000, the Authority's insurance is contracted by and paid through Fayette County. The amount to be contributed to the worker's compensation fund is also paid through Fayette County.

6. FIXED ASSETS

The following is a summary:

| | |
|--------------------------|--------------------------|
| Land and buildings | \$ 212,400 |
| Office equipment | 40,273 |
| Accumulated depreciation | <u>(38,873)</u> |
| NET FIXED ASSETS | <u>\$ 213,800</u> |

Fayette Metropolitan Housing Authority
Notes to the General Purpose Financial Statements
December 31, 2000

6. FIXED ASSETS - CONTINUED

The following is a summary of changes:

| | Balance <u>December 31, 1999</u> | <u>Additions</u> | <u>Deletions</u> | Balance <u>December 31, 2000</u> |
|--------------------|-------------------------------------|-------------------|------------------|-------------------------------------|
| Office equipment | \$ 40,273 | \$ - | \$ - | \$ 40,273 |
| Land and buildings | <u>-</u> | <u>212,400</u> | <u>-</u> | <u>212,400</u> |
| TOTAL | <u>\$ 40,273</u> | <u>\$ 212,400</u> | <u>\$ -</u> | <u>\$ 252,673</u> |

The depreciation expense for the year ended December 31, 2000 was \$7,235.

7. FDS SCHEDULE SUBMITTED TO HUD

For the fiscal year ended December 31, 2000, 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 9-12. 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.

8. NOTES PAYABLE

The Authority has two interest bearing notes that are payable to the Merchants National Bank in monthly installments of \$1,129 that is secured by the land and buildings and has a combined principal outstanding balance of \$172,400. The notes provide for monthly installments with the full debt due and payable October 23, 2005.

The Organization's obligation under notes payable consists of the following:

| | |
|--|-------------------|
| 6.75% note payable, due in monthly installments of \$528, including interest, through September 23, 2005, and a balloon payment of \$76,416 on October 23, 2005. | \$ 80,600 |
| 6.75% note payable due in monthly installments of \$601 including interest, through September 23, 2005, and a balloon payment of \$87,035 on October 23, 2005. | <u>91,800</u> |
| TOTAL NOTES PAYABLE | <u>\$ 172,400</u> |

The summary of maturities of long-term debt for the two homes are as follows:

| | 1029 S. <u>Fayette Street</u> | 842 <u>Lincoln Avenue</u> | <u>Total</u> |
|------|----------------------------------|------------------------------|-------------------|
| 2001 | \$ 623 | \$ 548 | \$ 1,171 |
| 2002 | 1,009 | 885 | 1,894 |
| 2003 | 1,080 | 947 | 2,027 |
| 2004 | 1,138 | 1,000 | 2,138 |
| 2005 | <u>87,950</u> | <u>77,220</u> | <u>165,170</u> |
| | <u>\$ 91,800</u> | <u>\$ 80,600</u> | <u>\$ 172,400</u> |

LESS CURRENT PORTION (1,171)

LONG TERM DEBT \$ 171,229

To avoid the final balloon payments, it is the intent of the Authority to refinance the debt before the Year 2005.

Fayette Metropolitan Housing Authority
Combining Balance Sheet
FDS Schedule Submitted to HUD
Proprietary Fund Type
Enterprise Fund
December 31, 2000

| FDS Line Item No. | Account Description | 14.855 Sect. 8 Rent VO Prgm | 14.857 Sect. 814.182 Sect. 8 Rent CE Prgm | N/C S/R | 14.858 HOPE Grant | Total |
|----------------------|--|--------------------------------|--|------------------|----------------------|-------------------|
| | ASSETS | | | | | |
| 111 | Cash – unrestricted | \$ 143,365 | \$ 91,039 | \$ 69,183 | \$ 335 | \$ 303,922 |
| 113 | Cash – other restricted | 8,000 | - | - | - | 8,000 |
| 122 | Accounts receivable - HUD other project | - | - | 872 | 3,721 | 4,593 |
| 125 | Accounts receivable – miscellaneous | 10,199 | - | - | - | 10,199 |
| 142 | Prepaid expenses | <u>375</u> | - | - | - | <u>375</u> |
| 150 | TOTAL CURRENT ASSETS | 161,939 | 91,039 | 70,055 | 4,056 | 327,089 |
| 162 | Land and Building | 212,400 | - | - | - | 212,400 |
| 164 | Furniture and equipment – administration | 40,273 | - | - | - | 40,273 |
| 166 | Accumulated depreciation | <u>(38,873)</u> | - | - | - | <u>(38,873)</u> |
| 180 | TOTAL NON-CURRENT ASSETS | <u>213,800</u> | - | - | - | <u>213,800</u> |
| 190 | TOTAL ASSETS | <u>\$ 375,739</u> | <u>\$ 91,039</u> | <u>\$ 70,055</u> | <u>\$ 4,056</u> | <u>\$ 540,889</u> |
| | LIABILITIES AND RETAINED EARNINGS | | | | | |
| 312 | Accounts payable <= 90 days | - | - | - | 38,572 | 38,572 |
| 331 | Accounts payable – HUD PHA programs | 50,275 | 39,093 | - | - | 89,368 |
| 342 | Deferred revenues | 85,127 | 3,632 | - | - | 88,759 |
| 344 | Current portion of long-term debt – operating | <u>1,171</u> | - | - | - | <u>1,171</u> |
| 310 | TOTAL CURRENT LIABILITIES | 136,573 | 42,725 | - | 38,572 | 217,870 |
| 352 | Long-term debt net of current – operating | 171,229 | - | - | - | 171,229 |
| 353 | Noncurrent liabilities – other | <u>9,297</u> | - | - | - | <u>9,297</u> |
| 300 | TOTAL LIABILITIES | 317,099 | 42,725 | - | 38,572 | 398,396 |
| 508 | Retained earnings | 24,251 | 51,545 | 66,422 | 275 | 142,493 |
| 513 | TOTAL RETAINED EARNINGS | <u>24,251</u> | <u>51,545</u> | <u>66,422</u> | <u>275</u> | <u>142,493</u> |
| 600 | TOTAL LIABILITIES AND RETAINED EARNINGS | <u>\$ 341,350</u> | <u>\$ 94,270</u> | <u>\$ 66,422</u> | <u>\$ 38,847</u> | <u>\$ 540,889</u> |

Fayette Metropolitan Housing Authority
Combining Statement of Revenues, Expenses and Changes in
Retained Earnings
FDS Schedule Submitted to HUD
Proprietary Fund Type
Enterprise Fund
Year Ended December 31, 2000

| FDS Line Item No. | Account Description | 14.855 Sect. 8 Rent VO Prgm | 14.857 Sect. 8 Rent CE Prgm | 14.182 Sect. 8 N/C S/R | 14.858 HOPE Grant | Total |
|----------------------|---|--------------------------------|--------------------------------|---------------------------|----------------------|-------------------|
| | REVENUE | | | | | |
| 706 | HUD PHA grants | \$ 656,101 | \$ 109,295 | \$ 41,898 | \$ 39,009 | \$ 846,303 |
| 711 | Investment income | 3,278 | 3,418 | 2,455 | 60 | 9,211 |
| 715 | Other revenue | <u>223</u> | | | | <u>223</u> |
| 700 | TOTAL REVENUE | <u>659,602</u> | <u>112,713</u> | <u>44,353</u> | <u>39,069</u> | <u>855,737</u> |
| | EXPENSES | | | | | |
| 911 | Administrative salaries | 50,197 | 8,304 | 4,457 | - | 62,958 |
| 912 | Auditing fees | 1,936 | 1,407 | 310 | - | 3,653 |
| 915 | Employees benefit contributions | 14,551 | 2,407 | 1,295 | - | 18,253 |
| 916 | Other operating expenses | 1,740 | 740 | 397 | 39,009 | 41,886 |
| 961 | Insurance premiums | <u>316</u> | <u>52</u> | <u>28</u> | <u>-</u> | <u>396</u> |
| 969 | TOTAL OPERATING EXPENSES | <u>68,740</u> | <u>12,910</u> | <u>6,487</u> | <u>39,009</u> | <u>127,146</u> |
| 970 | Excess operating revenue over expenses | 590,862 | 99,803 | 37,866 | 60 | 728,591 |
| | OTHER EXPENSES | | | | | |
| 967 | Interest expense | 1,868 | - | - | - | 1,868 |
| 973 | Housing assistance payments | 546,706 | 96,533 | 34,308 | - | 677,547 |
| 974 | Depreciation expense | <u>7,235</u> | | | | <u>7,235</u> |
| 900 | TOTAL EXPENSES (Acct. 967, 969, 973, 974) | <u>624,549</u> | <u>109,443</u> | <u>40,795</u> | <u>39,009</u> | <u>813,796</u> |
| 1000 | Excess revenue or (expenses) (Acct. 700 minus 900) | 35,053 | 3,270 | 3,558 | 60 | 41,941 |
| 1103 | Beginning retained earnings | <u>(10,802)</u> | <u>48,275</u> | <u>62,864</u> | <u>215</u> | <u>100,552</u> |
| | ENDING RETAINED EARNINGS | <u>\$ 24,251</u> | <u>\$ 51,545</u> | <u>\$ 66,422</u> | <u>\$ 275</u> | <u>\$ 142,493</u> |

Fayette Metropolitan Housing Authority
Additional FDS Schedule Information
FDS Schedule Submitted to HUD
Proprietary Fund Type
Enterprise Fund
December 31, 2000

| FDS Line Item No. | Account Description | 14.855 Sect. 8 Rent VO Prgm | 14.857 Sect. 8 Rent CE Prgm | 14.182 Sect. 8 N/C S/R | 14.858 HOPE Grant | Total |
|----------------------|---|--------------------------------|--------------------------------|---------------------------|----------------------|---------------------|
| 1103 | Beginning equity | \$ <u>(10,802)</u> | \$ <u>48,275</u> | \$ <u>62,864</u> | \$ <u>215</u> | \$ <u>100,552</u> |
| 1113 | Maximum annual contributions (per ACC) | \$ 971,000 | \$ 148,388 | \$ 52,836 | \$ - | \$ 1,172,224 |
| 1115 | Contingency reserve | <u>138,501</u> | <u>275,668</u> | <u>88,465</u> | <u>-</u> | <u>502,634</u> |
| 1116 | Total annual contributions available | \$ <u>1,109,501</u> | \$ <u>424,056</u> | \$ <u>141,301</u> | \$ <u>-</u> | \$ <u>1,674,858</u> |
| 1120 | Unit months available | 2,388 | 427 | 204 | - | 3,019 |
| 1121 | Number of unit months leased per report approved by HUD | 2,151 | 356 | 191 | - | 2,698 |

Fayette Metropolitan Housing Authority
Proprietary Fund Type
Enterprise Fund
Schedule of Federal Award Expenditures
Year Ended December 31, 2000

| | <u>FEDERAL</u> | | <u>FUNDS</u> |
|--|----------------|----|-------------------|
| | <u>CFDA</u> | | <u>EXPENDED</u> |
| | <u>NUMBER</u> | | |
| <u>FROM U.S. DEPARTMENT OF HUD</u> | | | |
| <u>DIRECT PROGRAMS</u> | | | |
| Annual Contribution Contract C-5089 | | | |
| Housing Assistance Payment Program | | | |
| Lower Income Housing Assistance Program – Section 8 Moderate Rehabilitation | 14.856 | \$ | 41,898 |
| HOPE PROGRAM | 14.858 | | 39,009 |
| Section 8 Rental Voucher Program | 14.855 | | 656,101 |
| Section 8 Rental Certificate Program | 14.857 | | <u>109,295</u> |
| Total Tenant Based Cluster | | | <u>765,396</u> |
| Total – All Programs | | | <u>\$ 846,303</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
Fayette Metropolitan Housing Authority
Washington Court House, Ohio**

**Regional Inspector General for Audit
Department of Housing and Urban
Development**

We have audited the general purpose financial statements of Fayette Metropolitan Housing Authority as of and for the year ended December 31, 2000, and have issued our report thereon dated June 2, 2001. We conducted our audit in accordance with U.S. generally accepted auditing standards 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 Fayette 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 is required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Fayette 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 auditing 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. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Fayette Metropolitan Housing Authority in a separate letter dated June 2, 2001.

This report is intended 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.
June 2, 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
Fayette Metropolitan Housing Authority
Washington Court House, Ohio**

**Regional Inspector General for Audit
Department of Housing and Urban
Development**

Compliance

We have audited the compliance of Fayette 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 December 31, 2000. Fayette 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 Fayette Metropolitan Housing Authority's management. Our responsibility is to express an opinion on Fayette Metropolitan Housing Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance 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 Fayette 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 Fayette Metropolitan Housing Authority's compliance with those requirements.

In our opinion, Fayette 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 December 31, 2000.

Internal Control Over Compliance

The management of Fayette 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 Fayette 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 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.
June 2, 2001**

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

**Fayette Metropolitan Housing Authority
December 31, 2000**

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| 1. SUMMARY OF AUDITORS' RESULTS |
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| | |
|---|---|
| Type of Financial Statement Opinion | Unqualified |
| Were there any material control weakness conditions reported at the financial statement level (GAGAS)? | No |
| Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)? | No |
| Was there any reported material non-compliance at the financial statement level (GAGAS)? | No |
| Were there any material internal control weakness conditions reported for major federal programs? | No |
| Were there any other reportable internal control weakness conditions reported for major federal programs? | No |
| Type of Major Programs' Compliance Opinion | Unqualified |
| Are there any reportable findings under § .510? | No |
| Major Programs (list): | CFDA #14.855 and 14.857 Tenant Based Cluster |
| Dollar Threshold: Type A/B Programs | Type A: \$300,000 Type B: All others |
| Low Risk Auditee? | Yes |

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

**Fayette Metropolitan Housing Authority
December 31, 2000**

1. FINDINGS RELATED TO FINANCIAL STATEMENTS

There are no findings or questioned costs for the year ended December 31, 2000.

2. FINDINGS RELATED TO FEDERAL AWARDS

There are no findings or questioned costs for the year ended December 31, 2000.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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FAYETTE METROPOLITAN HOUSING AUTHORITY

FAYETTE 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
JULY 26, 2001**