

**COLUMBIANA METROPOLITAN  
HOUSING AUTHORITY**

**INDEPENDENT AUDITOR'S REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2001**





**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**  

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Board of Commissioners  
Columbiana Metropolitan Housing Authority  
325 Moore Street  
East Liverpool, OH 43920

We have reviewed the Independent Auditor's Report of Columbiana Metropolitan Housing Authority, Columbiana County, prepared by Gary B. Fink & Associates, Inc., for the audit period July 1, 2000 to 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 Columbiana Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

**JIM PETRO**  
Auditor of State

March 27, 2002

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**COLUMBIANA METROPOLITAN HOUSING AUTHORITY  
FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

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**INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
Columbiana Metropolitan Housing Authority  
325 Moore Street  
East Liverpool, OH 43920

We have audited the accompanying financial statements of the Columbiana Metropolitan Housing Authority (the Authority), as of and for the year ended June 30, 2001, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these 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 financial statements referred to above present fairly, in all material respects, the financial position of the Columbiana Metropolitan Housing Authority, as of June 30, 2001 and the results of its operations and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the financial statements, the Authority adopted Governmental Accounting Standards Board Statement No. 33 as of and for the year ended June 30, 2001. This results in a change to the Authority's accounting for certain nonexchange revenues.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2002 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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.

**INDEPENDENT AUDITOR'S REPORT** (continued)

Our audit was performed for the purpose of forming an opinion on the financial statements of the Authority, taken as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, the Schedule of Revenues and Expenses by Program, the Schedule of Units Under Management and the Statement of Actual Modernization Cost Certificate are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.



GARY B. FINK & ASSOCIATES, INC.  
Certified Public Accountants

February 7, 2002

*FINANCIAL STATEMENTS*



**COLUMBIANA METROPOLITAN HOUSING AUTHORITY**  
**BALANCE SHEET**  
**JUNE 30, 2001**

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**ASSETS**

Current Assets:

Cash	\$803,916
Tenants Accounts Receivable - Net of \$8,420 Allowance for Doubtful Accounts	10,544
Accounts Receivable - HUD Other Projects	89,342
Accounts Receivable - Other Governments	2,900
Accounts Receivable - Miscellaneous	65,931
Accrued Interest	14,856
Prepaid Expenses	36,258
Inventory	21,773

Total Current Assets 1,045,520

Property and Equipment - Net of \$12,704,303  
Accumulated Depreciation 9,212,961

Total Assets \$10,258,481

**LIABILITIES AND EQUITY**

Current Liabilities:

Accounts Payable	\$139,138
Intergovernmental Payable	46,042
Accrued Wages and Payroll Taxes	4,909
Accrued Compensated Absences	61,384
Tenant Security Deposits	31,293
Deferred Revenues	133,420

Total Liabilities 416,186

Equity:

Contributed Capital	7,180,844
Retained Earnings	2,661,451

Total Equity 9,842,295

Total Liabilities and Equity \$10,258,481

The accompanying notes are an integral part of these financial statements.

**COLUMBIANA METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN EQUITY**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

<u>Revenues</u>	
HUD Grants	\$3,371,184
Tenant Rental Income	565,758
Investment Income	52,586
Other Tenant Revenue	31,379
Other Revenue	520
Gain on Sale of Fixed Assets	901
Total Revenues	<u>4,022,328</u>
<u>Expenses (Before Depreciation and Other Costs)</u>	
Housing Assistance Payments	1,384,933
Administrative Salaries	263,396
Employee Benefit Contributions - Administrative	239,635
Other Operating - Administrative	287,651
Tenant Services - Salaries	32,785
Utilities	393,431
Materials and Labor - Maintenance	375,819
Contract Services - Maintenance	165,950
Protective Services - Maintenance	103,850
Insurance Premiums	37,663
Payment in Lieu of Taxes	17,727
Bad Debt - Tenant Rents	11,245
Other General	3,609
Total Expenses (Before Depreciation and Other Costs)	<u>3,317,694</u>
Income Before Depreciation and Other Costs	704,634
Depreciation	(633,809)
Extraordinary Maintenance	(10,729)
Net Income	60,096
Retained Earnings - Beginning of Fiscal Year	1,995,950
Depreciation Add Back	<u>605,405</u>
Retained Earnings - End of Fiscal Year	<u>2,661,451</u>
Contributed Capital - Beginning of Fiscal Year	7,770,296
Depreciation Add Back	(605,405)
Contributions During Fiscal Year	<u>15,953</u>
Contributed Capital - End of Fiscal Year	<u>7,180,844</u>
Total Equity - End of Fiscal Year	<u><u>\$9,842,295</u></u>

The accompanying notes are an integral part of these financial statements.

**Columbiana Metropolitan Housing Authority**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2001**

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Cash Flows from Operating Activities

Net Income	<u>\$60,096</u>
Adjustments to Reconcile Net Income to Net Provided by Operating Activities:	
Depreciation	633,809
Changes in Operating Assets and Liabilities that Increase (Decrease) Cash Flows:	
Accounts Receivables	24,207
Accrued Interest	(1,727)
Prepaid Expenses	(3,573)
Inventory	11,998
Accounts Payable	(47,166)
Intergovernmental Payable	(23,092)
Accrued Wages and Payroll Taxes	(4,407)
Accrued Compensated Absences	(24,070)
Tenant Security Deposits	(35)
Deferred Revenues	<u>132,343</u>
Total Adjustments	<u>698,287</u>
Net Cash Provided by Operating Activities	<u>758,383</u>
<u>Cash Flows from Investing Activities</u>	
Purchase of Property and Equipment	(699,147)
Construction In Progress	<u>(170,505)</u>
Net Cash (Used for) Investing Activities	<u>(869,652)</u>
<u>Cash Flows from Financing Activities</u>	
Capital Contributions	<u>15,953</u>
Net Cash Provided by Financing Activities	<u>15,953</u>
(Decrease) in Cash	(95,316)
Cash - Beginning of Fiscal Year	<u>899,232</u>
Cash - End of Fiscal Year	<u><u>\$803,916</u></u>

The accompanying notes are an integral part of these financial statements.

**COLUMBIANA METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**REPORTING ENTITY**

The Columbiana Metropolitan Housing Authority (the Authority) was created under the Ohio Revised Code Section 3735.27 to engage in the acquisition, development, leasing and administration of a low-rent housing program. An Annual Contributions Contract (ACC) was signed by the Authority and U.S. Department of Housing and Urban Development (HUD) under the provisions of the ACC and all applicable provisions of the United States Housing Act of 1937 (42 U.S.C. 1437) Section 1.1. The Authority was also created in accordance with State law to eliminate housing conditions which are detrimental to public peace, health, safety, morals or welfare by purchasing, acquiring, constructing, maintaining, operating, improving, extending and repairing housing facilities.

The nucleus of the financial reporting entity as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, is the "primary government." A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board and either (1) the Authority's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the Authority. These criteria were considered in determining the reporting entity. Management has determined the Authority has no component units.

**BASIS OF ACCOUNTING**

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as applied to governmental units. GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The accompanying financial statements have been prepared on the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred. All transactions are accounted for in a single enterprise fund. The enterprise fund is accounted for on a flow of economic resources measurement focus.

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 Financial Accounting Standards Board 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.

**ESTIMATES**

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

**COLUMBIANA METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

CASH AND CASH EQUIVALENTS

The Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

TENANTS RECEIVABLES - RECOGNITION OF BAD DEBTS

Bad debts are provided on the allowance method based on management's evaluation of the collectibility of outstanding tenants receivable balances at the end of the fiscal year.

INVENTORY

Inventory is stated at the lower of cost or market. Cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expense when used.

PROPERTY AND EQUIPMENT

Property and equipment is recorded at cost when historical records are available and at estimated historical cost when no historical cost records are available. Donated property and equipment is valued at the estimated fair market value on the date received. Costs that materially add to the productive capacity or extend the life of an asset are capitalized while maintenance and repair costs are expensed as incurred. The Authority does not possess any infrastructure.

Depreciation is computed using the straight-line method over the following useful lives:

Land Improvements	15 years
Buildings	20-27½ years
Furniture, Equipment and Machinery	5-15 years

CAPITALIZATION OF INTEREST

HUD's policy is not to capitalize interest in the construction or purchase of property and equipment.

COMPENSATED ABSENCES

The Authority reports compensated absences in accordance with the provisions of GASB Statement No.16, *Accounting for Compensated Absences*. Vacation leave and other compensated absences with similar characteristics should be 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.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

**COLUMBIANA METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Other compensated absences with characteristics similar to vacation leave are those which are not contingent on a specific event outside the control of the employer and employee.

Further, sick leave and other similar compensated absences are those which are contingent on a specific event that is outside the control of the employer and employee. The Authority has accrued a liability for these compensated absences using the vesting method when the following criteria is met:

1. The benefits are earned by the employees.
2. It is probable that the employer will compensate the employees for the benefits through cash payments conditioned on the employees' retirement (termination payments).

A liability for severance is based on the sick leave accumulated at fiscal year end by those employees who are currently eligible to receive severance (termination) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least twenty years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and severance payments has been calculated using pay rates in effect at June 30, 2001 and reduced to the maximum payment allowed by personnel policy.

**NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLES**

For fiscal year 2001, the Authority has implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions". At June 30, 2000, there was no effect on equity as a result of implementing GASB Statement No. 33.

**NOTE 3 - DEPOSITS AND INVESTMENTS**

DEPOSITS

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Authority 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.

**COLUMBIANA METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**NOTE 3 - DEPOSITS AND INVESTMENTS (continued)**

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.

Protection of the Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with 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.

GASB Statement No. 3, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements) and Reverse Repurchase Agreements*, requires the Authority's deposits to be categorized to give an indication of the level of credit risk assumed by the Authority at fiscal year end. Category 1 includes deposits that are insured or collateralized with securities held by the Authority or its 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 included uninsured and uncollateralized deposits, including any bank balance that is collateralized with securities held by the pledging institution or by its trust department or safekeeping agent, but not in the Authority's name.

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

Category 1	\$616,517 was covered by federal depository insurance.
Category 2	\$10,000 was covered by collateral held by the pledging financial institution in the name of the Authority.
Category 3	\$262,459 was covered by collateral held by the pledging financial institution, but not in the name of the Authority. Although all State statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Authority to a successful claim by the FDIC.

**INVESTMENTS**

HUD, State statute and Board resolutions authorize the Authority to invest in obligations of U.S. Treasury, obligations or securities issued by Federal agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository fund, super NOW accounts, local government investment pool, Separate Trading of Registered Interest and Principal of Securities, mutual funds, bonds and other obligations of Ohio, and the State Treasurer's investment pool. Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority and must be purchased with the expectation that it will be to maturity. Investments may only be made through specified dealers and institutions. Payments for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**COLUMBIANA METROPOLITAN HOUSING AUTHORITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**NOTE 3 - DEPOSITS AND INVESTMENTS (continued)**

The Authority held nonnegotiable certificates of deposit throughout the 2001 fiscal year which are considered to be deposits for GASB Statement No. 3 purposes and are classified as “Cash” on the Balance Sheet. The Authority held no investments during the 2001 fiscal year.

**NOTE 4 - PROPERTY AND EQUIPMENT**

A summary of property and equipment at June 30, 2001, by class follows:

Land	\$1,001,040
Land Improvements	2,104,639
Buildings	17,861,524
Furniture, Equipment and Machinery - Administration	448,634
Furniture, Equipment and Machinery - Dwellings	330,922
Construction In Progress	<u>170,505</u>
Total	21,917,264
Less Accumulated Depreciation	<u>(12,704,303)</u>
Net Property and Equipment	<u>\$9,212,961</u>

**NOTE 5 - ADMINISTRATIVE FEE**

The Authority receives an “administrative fee” as part of the annual contribution from HUD to cover the costs (including overhead) of administering the Section 8 Housing Assistance Payments (HAP) Programs. The fee is a percentage of a HUD determined base rate for each unit per month under HAP contracts. The rates are as follows:

- A. Section 8 Rental Voucher Program
  - Units per month x \$38.76/unit - July, 2000 to September, 2000
  - Units per month x \$39.81/unit - October, 2000 to June, 2001
- B. Section 8 Rental Certificate Program
  - Units per month x \$38.76/unit - July, 2000 to September, 2000
  - Units per month x \$39.81/unit - October, 2000 to June, 2001

**NOTE 6 - ALLOCATION OF COSTS**

The Authority allocated expenses not attributable to a specific program to all programs under management. The basis for this allocation was the number of units in each program or estimated actual usage. Management considers this to be an equitable method of allocation.



**COLUMBIANA METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**NOTE 7 - RETIREMENT AND OTHER BENEFIT PLANS**

The employees of the Authority are covered by the Public Employees Retirement System of Ohio (PERS), a statewide cost-sharing, multiple-employer defined benefit pension plan administered by the Public Employees Retirement Board. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The authority to establish and amend benefits is provided by State statute per Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.50% of qualifying gross wages of all employees. The 2001 employer contribution rate was 13.55% of covered payroll; 9.25% was portion to fund pension obligations. The Authority's contributions to PERS for pension obligations for the fiscal years ended June 30, 2001, 2000 and 1999 were \$46,094, \$58,473 and \$54,802, respectively; 100% has been contributed for each of those fiscal years.

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 is available. The health care coverage by PERS is considered an Other Postemployment Benefit (OPEB) as described in GASB 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 to PERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 2001 employer contribution rate was 13.55% of covered payroll; 4.30% was the portion that used to fund health care for the year 2001. This system is funded on a pay-as-you-go basis.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS. For the Authority, this amount equaled \$21,427.

The following assumptions and calculations were based on PERS' latest actuarial review performed as of December 31, 2000. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2000 was 7.75%. An annual increase of 4.75% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.75% base increase, were assumed to range from 0.54% to 5.1%. Health care costs were assumed to increase 4.75% annually.

OPEB's are advance-funded on an actuarially determined basis. The number of active contributing participants statewide was 411,076. \$11,735.9 million represents the actuarial value of PERS' net assets available for OPEB at December 31, 2000 (the latest information available). The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$14,364.60 million and \$2,628.7 million, respectively.

**COLUMBIANA METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**NOTE 8 - COMPENSATED ABSENCES**

Vacation and sick leave policies are established by personnel policy for the employees of the Authority.

All full-time, permanent employees earn vacation hours accumulated based on length of service. Vacation shall be cumulative to the credit of an employee to the maximum of thirty working days and carried forward to his/her credit from one calendar year to another. At the time of separation, employees shall be paid the value of thirty days of unused vacation.

All full-time, permanent employees earn sick leave at a rate of one and one quarter days per month (15 days per year). Sick leave may be carried over from year to year, up to a maximum of sixty days. Upon separation, employees shall be paid the value of sixty days of unused sick leave.

**NOTE 9 - RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and, natural disasters. 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. Settled claims have not exceeded the insurance coverage in any of the past three fiscal years. There has not been a significant reduction of coverage from the prior fiscal year.

**NOTE 10 - CONTINGENCIES**

GRANTS

The Authority received financial assistance from HUD in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by HUD. Any disallowed claims resulting from such audits could become a liability of the Authority. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Authority at June 30, 2001.

LITIGATION

In the normal course of operations, the Authority may be subject to litigation and claims. At June 30, 2001, the Authority was involved in several such matters. While the outcome of the above matters cannot presently be determined, management believes that their ultimate resolution will not have a material effect on the financial statements.

**COLUMBIANA METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**NOTE 11 - CONSTRUCTION COMMITMENTS**

The Authority had the following construction commitments at June 30, 2001:

<u>Projects</u>	<u>Total Authorized Cost</u>	<u>Expended to 06/30/2001</u>	<u>Balance at 06/30/2001</u>
Independence Square renovations	\$140,688	\$ 0	\$140,688
Scattered Sites renovations	224,201	0	224,201
Riverview Towers renovations	<u>455,392</u>	<u>373,765</u>	<u>81,654</u>
Total	<u>\$820,218</u>	<u>\$373,765</u>	<u>\$446,453</u>

**Columbiana Metropolitan Housing Authority**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2001**

Federal Grantor/ Program Title	Federal CFDA Number	Agency Entity Number	Disbursements
<b><u>United States Department of Housing and Urban Development</u></b>			
Public and Indian Housing	14.850	C-847	\$772,368
Public and Indian Housing:			
Drug Elimination Program	14.854	OH12-DEP026-0198	2,643
Drug Elimination Program	14.854	OH12-DEP026-0199	61,636
Drug Elimination Program	14.854	OH12-DEP026-0100	<u>28,215</u>
Total Drug Elimination Program			<u>92,494</u>
Public and Indian Housing:			
Comprehensive Grant Program	14.859	OH12-P026-70698	78,743
Comprehensive Grant Program	14.859	OH12-P026-70799	<u>558,659</u>
Total Comprehensive Grant Program			<u>637,402</u>
Public Housing Capital Fund	14.872	OH12-P026-50100	<u>270,211</u>
Section 8 Cluster:			
Section 8 Rental Voucher Program	14.855	OH026VO	1,404,366
Section 8 Rental Certificate Program	14.857	OH026CE	<u>154,928</u>
Total Section 8 Cluster			<u>1,559,294</u>
Total Federal Assistance			<u><u>\$3,331,769</u></u>

The notes to this Schedule are an integral part of this Schedule.

**COLUMBIANA METROPOLITAN HOUSING AUTHORITY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards is a summary of the activity of the Authority's federal award programs. The Schedule has been prepared on the accrual basis of accounting in accordance with accounting principles prescribed by the U.S. Department of Housing and Urban Development. The information in the Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**Columbiana Metropolitan Housing Authority**  
**Schedule of Revenues and Expenses by Program**  
**For the Fiscal Year Ended June 30, 2001**

	<b>Low-Rent Public Housing</b>	<b>Comprehensive Grant Program</b>	<b>Drug Elimination Program</b>	<b>Capital Fund Program</b>	<b>Section 8 Rental Voucher Program</b>	<b>Section 8 Rental Certificate Program</b>	<b>Total</b>
<b>Revenues</b>							
HUD Grants	\$772,368	\$637,402	\$92,494	\$270,211	\$1,443,781	\$154,928	\$3,371,184
Tenant Rental Income	565,758	0	0	0	0	0	565,758
Investment Income	38,812	0	0	0	3,162	10,612	52,586
Other Tenant Revenue	31,379	0	0	0	0	0	31,379
Other Revenue	0	0	0	0	520	0	520
Gain on Sale of Fixed Assets	901	0	0	0	0	0	901
<b>Total Revenues</b>	<b>1,409,218</b>	<b>637,402</b>	<b>92,494</b>	<b>270,211</b>	<b>1,447,463</b>	<b>165,540</b>	<b>4,022,328</b>
<b>Expenses (Before Depreciation and Other Costs)</b>							
Housing Assistance Payments	0	0	0	0	1,257,093	127,840	1,384,933
Administrative Salaries	146,233	0	22,439	0	82,867	11,857	263,396
Employee Benefit Contributions - Administrati	184,157	0	12,710	0	37,415	5,353	239,635
Other Operating - Administrative	59,215	150,154	8,141	49,148	18,374	2,619	287,651
Tenant Services - Salaries	32,785	0	0	0	0	0	32,785
Utilities	393,431	0	0	0	0	0	393,431
Materials and Labor - Maintenance	375,819	0	0	0	0	0	375,819
Contract Services - Maintenance	150,108	0	0	0	13,882	1,960	165,950
Protective Services - Maintenance	54,646	0	49,204	0	0	0	103,850
Insurance Premiums	37,481	0	0	0	160	22	37,663
Payment in Lieu of Taxes	17,727	0	0	0	0	0	17,727
Bad Debt - Tenant Rents	11,245	0	0	0	0	0	11,245
Other General	3,609	0	0	0	0	0	3,609
<b>Total Expenses (Before Depreciation and Other Costs)</b>	<b>1,466,456</b>	<b>150,154</b>	<b>92,494</b>	<b>49,148</b>	<b>1,409,791</b>	<b>149,651</b>	<b>3,317,694</b>
Income (Loss) Before Depreciation and Other Costs	(57,238)	487,248	0	221,063	37,672	15,889	704,634
Depreciation	(568,744)	(49,195)	0	(5,428)	(1,973)	(8,469)	(633,809)
Extraordinary Maintenance	(10,729)	0	0	0	0	0	(10,729)
<b>Net Income (Loss)</b>	<b>(\$636,711)</b>	<b>\$438,053</b>	<b>\$0</b>	<b>\$215,635</b>	<b>\$35,699</b>	<b>\$7,420</b>	<b>\$60,096</b>

**Columbiana Metropolitan Housing Authority  
Schedule of Units Under Management  
For the Fiscal Year Ended June 30, 2001**

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The Authority had 938 units under management.

<u>Management</u>	<u>Units</u>
Low-Rent Public Housing	482
Section 8 Rental Voucher Program	401
Section 8 Rental Certificate Program	55

**COLUMBIANA METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF ACTUAL MODERNIZATION OF COST CERTIFICATE**  
**JUNE 30, 2001**

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	Comprehensive Grant Program OH12-P026-70597	Comprehensive Grant Program OH12-P026-70698	Comprehensive Grant Program OH12-P026-70799
Total Amount of Actual Modernization Cost			
Original Funds Approved	\$619,060	\$657,100	\$775,306
Funds Disbursed	<u>(619,060)</u>	<u>(657,100)</u>	<u>(775,306)</u>
Amount to be Recaptured	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Original Funds Approved	\$619,060	\$657,100	\$775,306
Funds Expended (Actual Modernization Cost)	<u>(619,060)</u>	<u>(657,100)</u>	<u>(775,306)</u>
Excess of Funds Disbursed	<u>\$0</u>	<u>\$0</u>	<u>\$0</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 Commissioners  
Columbiana Metropolitan Housing Authority  
325 Moore Street  
East Liverpool, OH 43920

We have audited the financial statements of the Columbiana Metropolitan Housing Authority (the Authority), as of and for the year ended June 30, 2001, and have issued our report thereon dated February 7, 2002. As discussed in Note 2 to the financial statements, the Authority adopted Governmental Accounting Standards Board Statement No. 33 as of and for the year ended June 30, 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 the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* (continued)**

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

A handwritten signature in black ink, appearing to read 'G. B. Fink', with a stylized flourish at the end.

GARY B. FINK & ASSOCIATES, INC.  
Certified Public Accountants

February 7, 2002

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH *OMB CIRCULAR A-133***

Board of Commissioners  
Columbiana Metropolitan Housing Authority  
325 Moore Street  
East Liverpool, OH 43920

Compliance

We have audited the compliance of the Columbiana Metropolitan Housing Authority (the Authority) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2001. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

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

In our opinion, the Columbiana 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.

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH *OMB CIRCULAR A-133*** (continued)

Internal Control Over Compliance

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

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 management, the Board of Commissioners and federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.



GARY B. FINK & ASSOCIATES, INC.  
Certified Public Accountants

February 7, 2002

**COLUMBIANA METROPOLITAN HOUSING AUTHORITY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 §505**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**1. SUMMARY OF AUDITOR'S RESULTS**

(d)(1)(i)	Type of auditor's report issued on the financial statements	Unqualified Opinion
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level?	No
(d)(1)(ii)	Were there any other reportable conditions in internal control reported at the financial statement level?	No
(d)(1)(iii)	Was there any material noncompliance reported at the financial statement level?	No
(d)(1)(iv)	Were there any material weaknesses in internal control over major programs reported?	No
(d)(1)(iv)	Were there any other reportable conditions in internal control over major programs reported?	No
(d)(1)(v)	Type of auditor's report issued on compliance for major programs	Unqualified Opinion
(d)(1)(vi)	Were there any reportable audit findings under §510?	No

**COLUMBIANA METROPOLITAN HOUSING AUTHORITY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 §505**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(CONTINUED)**

(d)(1)(vii)	Major Programs:	Section 8 Cluster: Section 8 Rental Voucher Program, CFDA #14.855; and Section 8 Certificate Program, CFDA #14.857
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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800-282-0370  
Facsimile 614-466-4490

**COLUMBIANA METROPOLITAN HOUSING AUTHORITY**

**COLUMBIANA 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  
APRIL 9, 2002**