

**HARDIN METROPOLITAN HOUSING AUTHORITY
MARION, OHIO**

**REPORT ON EXAMINATION OF FINANCIAL
STATEMENTS AND SUPPLEMENTAL DATA FOR THE
YEAR ENDED SEPTEMBER 30, 2001**

J. E. Slaybaugh & Associates, Inc.
Certified Public Accountant
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Lexington, Ohio 44904



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Commissioners
Hardin Metropolitan Housing Authority
Marion, Ohio

We have reviewed the Independent Auditor's Report of Hardin Metropolitan Housing Authority, Hardin County, prepared by J. E. Slaybaugh & Associates, Inc., for the audit period October 1, 2000 to September 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 Hardin Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

April 8, 2002

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HARDIN METROPOLITAN HOUSING AUTHORITY
MARION, OHIO

FOR THE YEAR ENDED SEPTEMBER 30, 2001

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*Member AICPA
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*John E. Slaybaugh III
Certified Public Accountant*

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Hardin Metropolitan Housing Authority
Marion, Ohio

We have audited the accompanying balance sheet of the Hardin Metropolitan Housing Authority, Hamilton, Ohio, as of and for the year ended September 30, 2001, and the related statements of revenues, expenses, equity, and cash flows for the year then ended. 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.

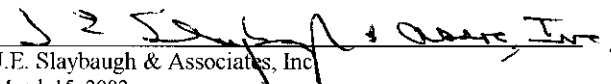
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and 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 Hardin Metropolitan Housing Authority as of September 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 15, 2002, on our consideration of Hardin Metropolitan Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. This 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 conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental financial data schedules accompanying the financial statements are not necessary for fair presentation of the financial position, results of operations, and cash flows of the Authority in conformity with accounting principles generally accepted in the United States of America. The supplemental schedules listed in the table of contents are presented only for purposes of additional analysis and are not a required part of the financial statements. Such schedules have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Our audit was made for the purpose of forming an opinion on the financial statements of Hardin Metropolitan Housing 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*, and is not a required part of the financial statements. The information in that Schedule has been subjected to the auditing procedures applied in the audit of the financial statements, and in our opinion, is stated fairly, in all material respects, in relation to the financial statements taken as a whole.


J.E. Slaybaugh & Associates, Inc.
March 15, 2002

HARDIN METROPOLITAN HOUSING AUTHORITY
MARION, OHIO
BALANCE SHEET
FOR THE YEAR ENDED SEPTEMBER 30, 2001

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 2,170
Accounts Receivable-HUD	<u>807</u>
Total Current Assets	<u>2,977</u>
 Total Assets	 <u>\$ 2,977</u>

LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable	\$ <u>1,296</u>
Total Liabilities	<u>1,296</u>

Equity

Retained Earnings	<u>1,681</u>
Total Equity	<u>1,681</u>
 Total Liabilities and Equity	 <u>\$ 2,977</u>

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

HARDIN METROPOLITAN HOUSING AUTHORITY
MARION, OHIO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2001

Revenue

HUD Grants	\$ 13,925
Other Government Grants	9,856
Investment Income-Unrestricted	<u>25</u>
 Total Revenue	 23,806

Expenses (before depreciation)

Housing Assistance Payments	17,837
Other Administrative Expense	5,525
Material and Labor-Maintenance	318
General Expenses	<u>20</u>
 Total Expenses	 <u>23,700</u>

Operating Income (Loss)	106
Retained Earnings - Beginning of Year	<u>1,575</u>
Retained Earnings - End of Year	<u>1,681</u>
 Total Equity - End of Year	 <u>\$ 1,681</u>

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

HARDIN METROPOLITAN HOUSING AUTHORITY
MARION, OHIO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

Cash Flows from Operating Activities

Operating Income (Loss)	\$ 106
Adjustments to reconcile Net Income(Loss) to Net Cash Provided By Operating Activities:	
Changes in Operating Assets and Liabilities that Increase (Decrease) Cash Flows:	
Receivables	192
Accounts Payable	<u>(726)</u>
Total Adjustments	<u>(534)</u>
Net Cash Provided (Used) By Operating Activities	<u>(428)</u>
Increase (Decrease) In Cash and Cash Equivalents	(428)
Cash and Cash Equivalents - Beginning of Year	<u>2,598</u>
Cash and Cash Equivalents - End of Year	<u>\$ 2,170</u>

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

HARDIN METROPOLITAN HOUSING AUTHORITY
MARION, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Hardin Metropolitan Housing Authority (HMHA or 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 Hardin Metropolitan Housing Authority and the U.S. Department of Housing and Urban Development (HUD), under the 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 the 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 the Governmental Accounting Standards Board (GASB) Statement No. 14 is the "primary government." A fundamental characteristic of a primary government is that it is 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. The criteria of financial accountability is the ability of the primary government to impose its will upon the potential component unit. These criteria were considered in determining the reporting entity.

Basis of Accounting

The accompanying combined 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.

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.

HARDIN METROPOLITAN HOUSING AUTHORITY
MARION, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Use of Estimates

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

NOTE 2 - CASH

Cash

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will 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 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 the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

HARDIN METROPOLITAN HOUSING AUTHORITY
MARION, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2001

NOTE 2 - CASH (continued)

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

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

Category 1 . . . \$ 2,170 was covered by federal depository insurance.
Category 2. . . none

NOTE 3 - 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:

Vouchers
Units per month x \$ 39.25/unit

HARDIN METROPOLITAN HOUSING AUTHORITY
MARION, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures For The Year Ended</u>
<u>U.S. Department of Housing and Urban Development</u>		
Section 8 Tenant Based :		
Section 8 Housing Choice Vouchers Program	14.871	<u>13,925</u>
 Total Federal Assistance		 \$ <u>13,925</u>

NOTE: This schedule has been prepared on the accrual basis of accounting.

See Independent Auditors' Report

HARDIN METROPOLITAN HOUSING AUTHORITY
 Supplemental Financial Data Schedule
 Balance Sheet

As of September 30, 2001

Section 8
 Housing
 Vouchers
14,871

TOTAL

ASSETS

Current Assets		
Cash-unrestricted	\$ 2,170	\$ 2,170
Total cash	<u>2,170</u>	<u>2,170</u>
Accounts and notes receivables		
Accounts receivable-HUD other projects	<u>807</u>	<u>807</u>
Total receivables, net of allowances for uncollectibles	<u>807</u>	<u>807</u>
Total Assets	\$ 2,977	\$ 2,977

LIABILITIES AND EQUITY

Current liabilities		
Accounts payable< 90 days	\$ 1,296	\$ 1,296
Total current liabilities	<u>1,296</u>	<u>1,296</u>
Total Liabilities	1,296	1,296
Equity		
Net HUD PHA contributions	1	1
Undesignated fund balance/retained earnings	<u>1,680</u>	<u>1,680</u>
Total equity	<u>1,681</u>	<u>1,681</u>
Total liabilities & equity	\$ 2,977	\$ 2,977

See Independent Auditors' Report

HARDIN METROPOLITAN HOUSING AUTHORITY
MARION, OHIO
SCHEDULE OF REVENUE AND EXPENSE BY PROGRAM
FOR THE YEAR ENDED SEPTEMBER 30, 2001

	Housing Choice Vouchers Program	<u>State/Local</u>	<u>Total</u>
REVENUE			
HUD Grants	\$ 13,925		\$ 13,925
Other Government Grants		\$ 9,856	9,856
Investment Income-Unrestricted	<u>25</u>	<u> </u>	<u>25</u>
Total Revenue	13,950	9,856	23,806
EXPENSES			
Housing Assistance Payments	9,866	7,971	17,837
Other Administrative Expense	3,866	1,659	5,525
Material and Labor-Maintenance	102	216	318
General Expenses	<u>10</u>	<u>10</u>	<u>20</u>
			<u>-</u>
Total Expenses	<u>13,844</u>	<u>9,856</u>	<u>23,700</u>
Operating Income (Loss)	<u>\$ 106</u>	<u>\$ -</u>	<u>\$ 106</u>

See Independent Auditors' Report

HARDIN METROPOLITAN HOUSING AUTHORITY
MARION, OHIO
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED SEPTEMBER 30, 2001

The PHA had 3 units under management.

<u>Management</u>	<u>Units</u>
Section 8 Choicing Vouchers	<u>3</u>
TOTAL	<u>3</u>

REPORT ON PRIOR YEAR AUDIT FINDINGS

THERE WERE NO PRIOR YEAR AUDIT FINDINGS

See Independent Auditors' Report

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INDEPENDENT AUDITOR'S 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
Hardin Metropolitan Housing Authority
Marion, Ohio

We have audited the financial statements of Hardin Metropolitan Housing Authority, Marion, Ohio, as of and for the year ended September 30, 2001, and have issued our report thereon dated March 15, 2002. 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.

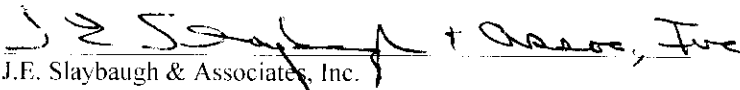
Compliance

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

This report is intended for the information and use of management and the Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.


J.E. Slaybaugh & Associates, Inc.
March 15, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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HARDIN METROPOLITAN HOUSING AUTHORITY

HARDIN 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 18, 2002**