LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
BELLEFONTAINE, OHIO

DECEMBER 31, 2001

GENERAL PURPOSE FINANCIAL STATEMENTS

STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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The Board of Commissioners
Logan Metropolitan Housing Authority
116 North Everett Street
Bellefontaine, Ohio 43311

We have reviewed the Independent Auditor's Report of the Logan Metropolitan Housing Authority, Logan County, prepared by Vanderhorst & Manning CPAs, LLC, for the audit period January 1, 2001 through December 31, 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 Logan Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

July 5, 2002

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LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
BELLEFONTAINE, OHIO
DECEMBER 31, 2001

TABLE OF CONTENTS

Independent Auditors' Report	1
General Purpose Financial Statements:	
Balance Sheet	3
Statement of Revenues, Expenses, and Changes in Retained Earnings	4
Statement of Cash Flows	5
Notes to General Purpose Financial Statements	6 - 14
Supplemental Data:	
Combining Balance Sheet – (FDS schedule format)	15 – 16
Combining Statements of Revenues, Expenses and Changes in Retained Earnings – (FDS schedule format)	17 – 18
Modernization Costs	19
Schedule of Federal Awards Expenditures	20
Report on Compliance on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	21
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	22 - 23
Summary of Auditors' Results	24 - 25
Activities of the Authority and Adjusting Journal Entries	26

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VANDERHORST & MANNING CPAs, LLC
6105 NORTH DIXIE DRIVE
DAYTON, OHIO 45414

INDEPENDENT AUDITORS' REPORT

The Board of Commissioners
Logan County Metropolitan Housing Authority
116 North Everett Street
Bellefontaine, Ohio

Regional Inspector General of Audit
Department of Housing & Urban Development

We have audited the accompanying general purpose financial statements of the Logan County Metropolitan Housing Authority as of December 31, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of Logan County Metropolitan Housing 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 generally accepted 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 Logan County Metropolitan Housing Authority as of December 31, 2001, and the results of its operations and its cash flows of its proprietary fund type activities for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 17, 2002 on our consideration of the Logan County Metropolitan Housing Authority's internal controls over financial reporting and on 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 made for the purpose of forming an opinion on the general purpose taken as a whole. The schedules listed in the table of contents are presented for the purposes of additional analysis, and are not a required part of the financial statements of Logan County Metropolitan Authority. The accompanying Schedule of Expenditures of Federal Awards, which is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audit of States, Local Governments and Non-Profit Organizations*, and is not a required part of the financial statements. The combining financial data schedule ("FDS") is presented for purposes of additional analysis as required by the Department of Housing and Urban Development and is not a required part of 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 to the basic financial statements taken as a whole.

Vanderhorst & Manning CPAs, LLC
Dayton, Ohio

June 17, 2002

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY

BALANCE SHEET
DECEMBER 31, 2001

ASSETS

CURRENT ASSETS		
Cash and Cash Equivalents	$	84,334
Intergovernmental Receivables		78,589
Tenant Receivables - Net of $5,817 Allowance		
For Doubtful Accounts		33,387
Other Receivables		52,684
Inventory		17,970
Prepaid Expenses		3,817
TOTAL CURRENT ASSETS	$	270,781
Property and Equipment - Net of $1,672,578		
Accumulated Depreciation		5,811,655
	$	6,082,436

LIABILITIES AND EQUITY

CURRENT LIABILITIES		
Accounts Payable	$	21,345
Tenant Security Deposits		17,413
Accrued Wages and Payroll Taxes		1,159
Deferred Revenue		3,316
Other Current Liabilities		40,302
TOTAL CURRENT LIABILITIES	$	83,535
EQUITY		
Contributed Capital	$	5,802,499
Retained Earnings		196,402
TOTAL EQUITY	$	5,998,901
TOTAL LIABILITIES AND EQUITY	$	6,082,436

The Accompanying Notes are an Integral Part of These Financial Statements.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY

STATEMENT OF REVENUE, EXPENSE, AND EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2001

REVENUE		
HUD Grants	$	1,590,331
Rental Income		115,048
Interest Income		1,850
Other Income		1,294
TOTAL REVENUE	$	1,708,523
EXPENSES (Before Depreciation)		
Housing Assistance Payments	$	1,122,956
Utilities		39,396
Material and Labor		148,227
Administrative Salaries		181,336
Employee Benefits		59,978
Contract		20,547
Sundry Administration		78,649
General		23,522
Residential Services		23,544
TOTAL EXPENSES (Before Depreciation)	$	1,698,155
INCOME (LOSS) BEFORE DEPRECIATION	$	10,368
Depreciation		204,998
NET LOSS	$	(194,630)
Retained Earnings - Beginning of Year		186,034
Add Back Depreciation		204,998
Retained Earnings - End of Year	$	196,402
Contributed Capital - Beginning of Year, Restated (see Note 10)	$	5,867,113
Less Depreciation		204,998
	$	5,662,115
HUD Capital Contributions		140,384
Contributed Capital - End of Year	$	5,802,499
TOTAL EQUITY - END OF YEAR	$	5,998,901

The Accompanying Notes are an Integral Part of These Financial Statements.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2001

CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss	$	(194,630)
Adjustments to Reconcile Net Loss to		
Net Cash Provided by Operating Activities:		
Depreciation		204,998
Changes in Operating Assets and Liabilities that		
Increase (Decrease) Cash Flows:		
Receivables		48,834
Inventory		4,993
Prepaid Expenses		(1,034)
Accounts Payable		(74,769)
Accrued Wages and Payroll Taxes		(10,826)
Deferred Revenue and Other Current Liabilities		(226,175)
Tenant Security Deposits		3,106
NET CASH USED IN OPERATING ACTIVITIES	$	(245,503)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of Property and Equipment	$	(140,384)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from HUD Capital Contributions	$	140,384
NET DECREASE IN CASH AND CASH EQUIVALENTS	$	(245,503)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		329,837
CASH AND CASH EQUIVALENTS AT END OF YEAR	$	84,334

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Logan County Metropolitan Housing Authority (LMHA 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 Logan County 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 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. 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.

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 and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

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

Tenant Receivables – Recognition of Bad Debts

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

Inventory

Inventories and materials are stated at cost (first in, first out method) which approximates market.

Property and Equipment

Property and Equipment is recorded at cost. 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.

Depreciation is recorded on the straight-line method.

Long-Term Debt/HUD Contributions

To provide for the development and modernization of low-rent housing units, LMHA issued New Housing Authority Bonds and Permanent Notes – F.F.B. These bonds and notes are payable by HUD and secured by annual contributions. The bonds and notes do not constitute a debt by the Authority and accordingly have not been reported in the accompanying financial statements.

Accounting and Reporting for Nonexchange Transactions

For the fiscal year ended September 30, 2001, the Authority has implemented GASB Statement 33 "Accounting and Financial Reporting for Nonexchange Transactions" and GASB Statement 36 "Recipient Reporting for Certain Shared Nonexchange Revenues." At October 1, 2000, there was no effect on fund equity as result of implementing GASB 33 and GASB 36.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash

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's Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

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.

The Authority's deposits are categorized to give an indication of the level of risk assumed by the entity at year end. Category 1 includes deposits that are insured or collateralized with securities held by the Authority or its safekeeping agent in the Authority's name. Category 2 includes uninsured deposits collateralized with securities held by the pledging financial institution's trust department or safekeeping agent in the Authority's name. Category 3 includes uninsured and uncollateralized 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.

NOTE 2 – CASH AND CASH EQUIVALENTS, Continued

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

Category 1. $ 100,000 was covered by federal depository insurance.
Category 3. $ 0 was covered by collateral held by the pledging financial institution, but not in the name of the Authority.

Collateral is required for demand deposits and certificates of deposit at 110 percent of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities, school districts, and district corporations. Obligations pledged to secure deposits must be delivered to a bank other than the institution in which the deposit is made. Written custodial agreements are required.

Investments

HUD, State Statue and Board Resolutions authorize the Authority to invest in obligations of U.S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository fund, super NOW accounts, sweep accounts, separate trading of registered interest and principal of securities, mutual funds, bonds and other obligations of this State, 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 held to maturity. Investments may only be made through specified dealers and institutions. Payment 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.

The Authority's investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category A includes investments that are insured or registered or for which the securities are held by the Authority or its agent in the Authority's name. Category B includes uninsured and unregistered investments for which the securities are held by the counterparty's Trust department or agent in the Authority's name. Category C includes uninsured and unregistered investments for which securities are held by the counterparty or its Trust department but not in the Authority's name. Star Ohio is not classified, since it is not evidenced by securities that exist in physical or book entry form.

NOTE 2 – CASH AND INVESTMENTS, Continued

The Authority's deposits are classified as cash on the balance sheet and are considered as deposits for GASB 3 purposes. Therefore, the categories described above do not apply.

NOTE 3 – PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2001, by class is as follows:

Buildings and Building Improvements	$ 6,547,858
Land and Land Improvements	649,092
Furniture and Fixtures, Equipment and Moving Vehicles	287,283
Total	$ 7,484,233
Less Accumulated Depreciation	1,672,578
Net Property and Equipment	$ 5,811,655

NOTE 4 – 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. Certificates, Vouchers and Moderate Rehabilitation:

First 600 units per month - $43.74/unit
Hard to House Fees - $75.00/unit

NOTE 5 – 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.

NOTE 6 – 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 deferred benefit pension plan. 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 statue per Chapter 145 of the Ohio Revised Code. PERS issues a publicly available financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 466-2085.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.50% of qualifying gross wages for all employees. The total 2001 employer contribution rate was 13.55% of covered payroll. The contribution rates are determined by actuarially. Required employer contributions are equal to 100% of the dollar amount billed to each employer and must be extracted from the employer's records. The Authority's contributions to PERS for the years ended December 31, 2001, 2000, and 1999 were $37,370, $31,487, and $30,312, respectively. All required contributions were made prior to each of those fiscal year ends.

PERS provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit, and to primary survivor recipients of such retirees. Health care coverage for disability recipients is also available under PERS. The health care coverage provided by the retirement system is considered an Other Post Employment Benefit (OPEB). A portion of each employer's PERS contribution is set aside for the funding of postretirement health care. The Ohio Revised Code provides the statutory authority for public employers to fund postretirement health care through their contributions to PERS. The number of active contributing participants was 401,339 as of December 31, 2000.

The assumptions and calculations below were based on the System's latest Actuarial Review performed as of December 31, 1999. 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 (actual gains and losses) becomes part of unfounded 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 to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

NOTE 6 – RETIREMENT AND OTHER BENEFIT PLANS (Continued)

Expenditures for OPEB during the year ended December 31, 2000 were $559,606,294. As of December 31, 2000, the unaudited estimated net assets available for future OPEB payments were $10,805,500,000. The actuarial accrued liability and the unfounded actuarial accrued liability, based on the actuarial cost method used were $12,473,600 and $1,668,100, respectively. The number of benefit recipients eligible for OPEB at December 31, 2000 was 122,343.

PERS reallocated employer contributions from 4.2 percent to 4.3 percent at the beginning of 2000 to improve health care financing. The proportion of contributions dedicated to funding OPEB increased during the year for this reason. The portion of Office contributions that were used to fund post-employment benefits can be determined by multiplying actual employer contributions by .4038.

The Authority may participate in a state-wide deferred compensation plan created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The plan Agreement states that the Authority and the Ohio Public Employees Deferred Compensation Board have no liability for losses under the plan with the exception of fraud or wrongful taking.

NOTE 7 – COMPENSATED ABSENCES

Vacation and sick leave policies are established by the Board of Commissioners.

Annual vacation leave is given to all full time permanent employees on a pro-rata basis; two weeks per year for service one through five years, three weeks for six to ten years of service and four weeks for ten years of service or more. The annual leave earned must be taken on or before December 31, of each year. No accumulation is permitted and as such no accrual at December 31, 2001.

Sick leave accrues for full time permanent employees on the basis of 10 hours per month, cumulative to 120 days or 960 hours. An employee at the time of retirement from active service with the authority may elect to be paid cash for one-fourth (1/4) of the value of accrued unused sick leave credit at the employees rate of pay at the time of retirement. The Authority's policy is to begin to accrue sick leave for employees five (5) years before they are eligible for retirement. At December 31, 2001, the authority had no sick leave accrued because the earliest eligible retiree for active employees is 2010.

NOTE 8 – CONTINGENCIES

Grants

The Authority received financial assistance from federal and state agencies 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 the grantor agencies. 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 December 31, 2001.

Commitments and Contingencies

The authority has, under its normal operations, entered into commitments for the purchase of maintenance, cleaning, and other services. Such commitments are monthly or annually.

The Authority is exposed to various risks of loss related to torts; theft to, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2001, the Authority was insured through the State Housing Authority Risk Pool Association, Inc. (SHARP), a public entity risk pool operating a common risk management and insurance program for its housing authority members. The State Housing Authority Risk Pool Association, Inc. is self-sustaining through member premiums and reinsures through commercial insurance companies.

The Authority carried commercial insurance for risk of loss for employee health and accident insurance.

There has been no significant reduction in coverage from last year. Settled claims have not exceeded this coverage in any of the last three years.

NOTE 9 – FAMILY SELF-SUFFICIENCY PROGRAM

The Logan County Metropolitan Housing Authority has a Family Self-Sufficiency Program (FSSP). This program is designed to assist families to become self sufficient through an escrowed savings plan provided by the Authority. Upon completion of the objectives, the family receives their escrow balance.

At December 31, 2001, the Authority held in escrow $19,301 for the Family Self-Sufficiency Program. The Authority recognizes the escrow as cash and due to FSSP participants on the balance sheet under other current liabilities.

NOTE 10 PRIOR PERIOD AUDIT ADJUSTMENT

Equity at the beginning of December 31, 2001 has been adjusted to correct errors for an overstatement of fixed assets of $44,554. Had the error not have been made, the ending equity for the year ended December 31, 2000, would have been reduced by $44,554.

NOTE 11 – MICROENTERPRISE PROGRAM

The Logan County Metropolitan Housing Authority currently administers a Microenterprise Program. This program is funded from grants and donations from various government levels and community donations. The Program reimburses the Authority for any expenditures they have encumbranced.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY

COMBINING BALANCE SHEET

FDS SCHEDULE SUBMITTED TO HUD

DECEMBER 31, 2001

FDS Line Item No.	Account Description	Low Rent	Rental Certificates Program	Rental Voucher Program	Capital Fund Program	Other Program Funds	TOTAL
	ASSETS						
111	Cash - Unrestricted	$16,419	$2,527	$1,985	$0	$0	$20,931
113	Cash - Other Restricted	$19,301	$0	$13,552	$0	$0	$32,853
114	Cash - Tenant Security Deposits	$30,550	$0	$0	$0	$0	$30,550
100	**Total Cash**	$66,270	$2,527	$15,537	$0	$0	$84,334
122	Accounts Receivable - HUD Other Projects	$0	$39,442	$37,147	$2,000	$0	$78,589
124	Accounts Receivable - Microfund	$27,500	$0	$0	$0	$0	$27,500
125	Accounts Receivable - Miscellaneous	$25,184	$0	$0	$0	$0	$25,184
126	Accounts Receivable-Tenants-Dwelling Rents	$39,204	$0	$0	$0	$0	$39,204
126.1	Allowance for Doubtful Accounts - Dwelling	($5,817)	$0	$0	$0	$0	($5,817)
120	**Total Receivables, net of allowances for doubtful accounts**	$86,071	$39,442	$37,147	$2,000	$0	$164,660
142	Prepaid Expenses and Other Assets	$3,817	$0	$0	$0	$0	$3,817
143	Inventories	$18,070	$0	$0	$0	$0	$18,070
143.1	Allowance for Obsolete Inventories	($100)	$0	$0	$0	$0	($100)
144	Interprogram Due From	$2,000	$22,631	$55,690	$0	$0	$80,321
150	**TOTAL CURRENT ASSETS**	$176,128	$64,600	$108,374	$2,000	$0	$351,102
161	Land	$649,092	$0	$0		$0	$649,092
162	Buildings	$6,483,987	$0	$0	$63,871	$0	$6,547,858
163	Furniture, Equipment & Machinery - Dwellings	$70,091	$0	$0	$66,933	$0	$137,024
164	Furniture, Equipment & Machinery - Administration	$128,076	$5,429	$7,175	$9,579	$0	$150,259
166	Accumulated Depreciation	($1,656,008)	($5,429)	($7,175)	($3,966)	$0	($1,672,578)
150	**TOTAL FIXED ASSETS, NET OF ACCUMULATED DEPRECIATION**	$5,675,238	$0	$0	$136,417	$0	$5,811,655
190	**TOTAL ASSETS**	$5,851,366	$64,600	$108,374	$138,417	$0	$6,162,757

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY

COMBINING BALANCE SHEET

FDS SCHEDULE SUBMITTED TO HUD

DECEMBER 31, 2001

FDS Line Item No.	Account Description	Low Rent	Rental Certificates Program	Rental Voucher Program	Capital Fund Program	Other Program Funds	TOTAL
	LIABILITIES & RETAINED EARNINGS						
312	Accounts Payable <= 90 days	$21,345	$0	$0			$21,345
321	Accrued Wage/ Payroll Taxes Payable	$614	$109	$436			$1,159
341	Tenant Security Deposits	$17,413	$0	$0			$17,413
342	Deferred Revenue	$3,316	$0	$0			$3,316
345	Other Current Liabilities	$4,073	$0	$0			$4,073
346	Accrued Liabilities - Other	$19,301	$0	$0			$19,301
347	Interprogram Due To	$55,690	$0	$22,631	$2,000		$80,321
310	**TOTAL CURRENT LIABILITIES**	$121,752	$109	$23,067	$2,000		$146,928
353	Non - Current Liabilities	$0	$0	$16,928	$0		$16,928
300	**TOTAL LIABILITIES**	$121,752	$109	$39,995	$2,000		$163,856
	EQUITY						
504	Net HUD PHA Contributions	$5,666,082	$0	$0	$136,417		$5,802,499
512	Undesignated Fund Balance/ Retained Earnings	$63,532	$64,491	$68,379	$0		$196,402
513	**TOTAL EQUITY/ NET ASSETS**	$5,729,614	$64,491	$68,379	$136,417		$5,998,901
600	**TOTAL LIABILITIES & EQUITY**	$5,851,366	$64,600	$108,374	$138,417	$0	$6,162,757

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
FDS SCHEDULE SUBMITTED TO HUD
DECEMBER 31, 2001

FDS Line Item No.	Account Description	Low Rent	Rental Certificates Program	Rental Voucher Program	Capital Fund Program	Other Program Funds	TOTAL
	REVENUE						
703	Net Tenant Rental Revenue	$80,126	$0	$0	$0	$0	$80,126
704	Tenant Revenue - Other	$34,922	$0	$0	$0	$0	$34,922
705	**Total Tenant Revenue**	$115,048	$0	$0	$0	$0	$115,048
706	HUD PHA Operating Grants	$205,507	$124,463	$1,178,152	$58,044	$24,165	$1,590,331
706.1	Capital Grants	$0	$0	$0	$140,383	$0	$140,383
711	Investment Income - Unrestricted	$308	$366	$1,176	$0	$0	$1,850
700	TOTAL REVENUE	$320,863	$124,829	$1,179,328	$198,427	$24,165	$1,847,612
	EXPENSES						
911	Administrative Salaries	$79,345	$2,257	$99,734	$0	$0	$181,336
912	Auditing Fees	$3,119	$299	$975	$0	$0	$4,393
915	Employee Benefit Contributions - Admin.	$26,359	$6,733	$26,886	$0	$0	$59,978
916	Other Operating - Administrative	$39,085	$5,593	$32,637	$0	$1,334	$78,649
921	Tenant Services - Salaries	$0	$0	$0	$0	$13,000	$13,000
923	Employee Benefit Contributions - Tenant	$0	$0	$0	$0	$2,002	$2,002
924	Tenant Services - Other	$713	$0	$0	$0	$7,829	$8,542
931	Utilities - Water	$21,153	$0	$0	$0	$0	$21,153
932	Utilities - Electricity	$9,488	$0	$0	$0	$0	$9,488
933	Utilities - Gas	$8,755	$0	$0	$0	$0	$8,755
941	Ordinary Maintenance & Operations-labor	$37,580	$0	$0	$0	$0	$37,580
942	Ordinary Maintenance & Operations - Materials & Other	$39,368	$0	$0	$58,044	$0	$97,412
943	Ordinary Maintenance & Operations - Contract Costs	$20,547	$0	$0	$0	$0	$20,547
945	Employee Benefit Contributions - Ordinary Maintenance	$13,235	$0	$0	$0	$0	$13,235
961	Insurance Premiums	$10,943	$28	$85	$0	$0	$11,056
963	Payment in Lieu of Taxes	$4,073	$0	$0	$0	$0	$4,073
964	Bad Debts - Tenant Rents	$4,000	$0	$0	$0	$0	$4,000
969	TOTAL OPERATING EXPENSES	$317,763	$14,910	$160,317	$58,044	$24,165	$575,199

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
FDS SCHEDULE SUBMITTED TO HUD
DECEMBER 31, 2001

FDS Line Item No.	Account Description	Low Rent	Rental Certificates Program	Rental Voucher Program	Capital Fund Program	Other Program Funds	TOTAL
970	Excess Operating Revenue Over Operating Expenses	$3,100	$109,919	$1,019,011	$140,383	$0	$1,272,413
973	Housing Assistance Payments	$0	$109,367	$1,013,589	$0	$0	$1,122,956
974	Depreciation	$201,032	$0	$0	$3,966	$0	$204,998
900	TOTAL EXPENSES/ OTHER FINANCIAL SOURCES (USES)	$518,795	$124,277	$1,173,906	$62,010	$24,165	$1,903,153
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	($197,932)	$552	$5,422	$136,417	$0	($55,541)
1103	Beginning Equity	$5,972,100	$63,801	$61,800	$0	$0	$6,097,701
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	($44,554)	$138	$1,157	$0	$0	($43,259)
	ENDING RETAINED EARNINGS	$5,729,614	$64,491	$68,379	$136,417	$0	$5,998,901
1113	Maximum Annual Contributions Commitment (Per ACC)	$0	$85,021	$1,134,079			$1,219,100
1115	Contingency Reserve, ACC Program Reserve	$0	$0	$215,539			$215,539
1116	**Total Annual Contributions Available**	$0	$85,021	$1,349,618			$1,434,639
1120	Unit Months Available	1,167	384	3,264			4,815
1121	Number of Units Months Leased	932	377	3,260			4,569

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY

SCHEDULE OF ACTUAL MODERNIZATION COSTS

The actual modernization costs of the project are as follows:

PROJECT 0H16-P072 - 90698

Classification		OH16-P072 - 906-98
Fees and Costs	$	27,789
Site Improvement		600
Dwelling Structures		200,561
Dwelling Equipment - Non Expendable		11,049
TOTAL COSTS	$	240,000

PROJECT OH16-P072 - 90799

Classification		OH16-072 - 907-99
Fees and Costs	$	27,771
Administration		75
Dwelling Structures		189,657
Operations Subsidy		24,000
TOTAL COSTS	$	241,503

The distribution of costs as shown on the schedule report of modernization grant expenditures submitted to HUD for approval are in agreement with the authority's records.

All modernization grant costs have been paid and all related liabilities have been discharged through payments.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2001

	Federal CFDA Number	Beginning Balance	Funds Received	Funds Disbursed	Ending Balance
FROM U. S. DEPT. OF HUD DIRECT PROGRAMS					
Annual Contribution					
Public Housing:					
PHA Owned Housing:					
Operating Subsidy -	14.850	$0	$ 205,507	$ 205,507	$0
Modernization Program:					
Capital Improvement Fund	14.872	$0	$ 198,427	$ 198,427	$0
Other Federal Program - Ross Grant	14.870	$0	$ 24,165	24,165	$0
Annual Contribution					
Contract C-5098:					
Housing Assistance					
Payments:					
Annual Contribution					
Certificate	14.857	$0	$ 124,463	$ 124,463	$0
Voucher	14.871	$0	$ 1,178,152	$ 1,178,152	$0
Sub-Total Section 8 Tenant Based Cluster		$0	$ 1,302,615	$ 1,302,615	$0
TOTAL - ALL PROGRAMS		$0	$ 1,730,714	$ 1,730,714	$0

Note 1. Basis of Presentation

The accompanying shedule of federal awards includes the federal grant activity of Logan County Metropolitan Housing Authority and is presented on the accrual basis of accounting.

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, Logan County Metropolitan Housing Authority provided no federal awards to subrecipients.

The accompanying notes to this schedule are an integral part of this schedule.

VANDERHORST & MANNING CPAs, LLC
6105 NORTH DIXIE DRIVE
DAYTON, OHIO 45414

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Logan County Metropolitan Housing Authority
Bellefontaine, Ohio

We have audited the financial statements of the Logan County Metropolitan Housing Authority, Bellefontaine, Ohio, as of and for the year ended December 31, 2001, and have issued our report thereon dated June 17, 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 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 operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Commissioners and management of the Authority, the Department of Housing and Urban Development and the Auditor of the State of Ohio and is not intended to be and should not be used by anyone other than those specified parties.

Vanderhorst & Manning CPAs, LLC
Dayton, Ohio

June 17, 2002

VANDERHORST & MANNING CPAs, LLC
6105 NORTH DIXIE DRIVE
DAYTON, OHIO 45414

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

Board of Commissioners
Logan County Metropolitan Housing Authority
Bellefontaine, Ohio

Compliance

We have audited the compliance of the Logan County Metropolitan Housing Authority, Bellefontaine, Ohio, 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 December 31, 2001. The Authority's major federal programs are identified in the summary of the 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 the Logan County Metropolitan Housing 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; 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.

<u>INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIRMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH *OMB CIRCULAR A-133*</u> (continued)

In our opinion, the Logan County 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, 2001.

<u>Internal Control Over Compliance</u>

The management of the Logan County 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 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, contacts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Commissioners and management of the Authority, the Department of Housing and Urban Development and the Auditor of the State of Ohio and is not intended to be and should not be used by anyone other than those specified parties.

Vanderhorst & Manning CPAs, LLC
Dayton, Ohio

June 17, 2002

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

Logan County Metropolitan Housing Authority
December 31, 2001

1. SUMMARY OF AUDITORS' RESULTS	
Type of Financial Statement Opinion	Unqualified
Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	NO
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#14.857 & #14.871 14.850 & 14.872
Dollar Threshold: Type A/B Programs	Type A: $300,000 Type B: All others
Low Risk Auditee?	YES

Logan County Metropolitan Housing Authority
December 31, 2001

2. FINDINGS RELATED TO FINANCIAL STATEMENTS

There are no findings or questioned costs for the year ended December 31, 2001.

3. FINDINGS RELATED TO FEDERAL AWARDS

There are no findings or questioned costs for the year ended December 31, 2001.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
BELLEFONTAINE, OHIO

SUMMARY OF ACTIVITIES

DECEMBER 31, 2001

At the close of fiscal year ended December 31, 2001, the Logan County Metropolitan Housing Authority had the following operations in management:

Public Housing	**Units**
OH Project	100
Section 8	
Existing Project OH16-EO72	31
Voucher Project OH16-V072	258
Total	289

ADJUSTING JOURNAL ENTRIES

None Made.

STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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LOGAN METROPOLITAN HOUSING AUTHORITY

LOGAN 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 30, 2002