

**PICKAWAY METROPOLITAN HOUSING AUTHORITY
CIRCLEVILLE, OHIO**

**REPORT ON EXAMINATION OF FINANCIAL
STATEMENTS AND SUPPLEMENTAL DATA FOR THE
YEAR ENDED DECEMBER 31, 2001**

J. E. Slaybaugh & Associates, Inc.

Certified Public Accountant

12 East Main Street

Lexington, Ohio 44904



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Board of Commissioners
Pickaway Metropolitan Housing Authority

We have reviewed the Independent Auditor's Report of the Pickaway Metropolitan Housing Authority, Pickaway County, prepared by J.E. Slaybaugh & Associates, Inc. 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 Pickaway Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

June 13, 2002

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PICKAWAY METROPOLITAN HOUSING AUTHORITY
CIRCLEVILLE, OHIO

DECEMBER 31, 2001

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J. E. Slaybaugh & Associates, Inc.
12 East Main Street
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John E. Slaybaugh III
Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Pickaway Metropolitan Housing Authority
Circleville, Ohio

We have audited the accompanying balance sheet of the Pickaway Metropolitan Housing Authority, Circleville, Ohio, as of and for the year ended December 31, 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.

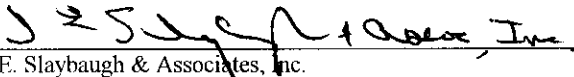
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and 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 Pickaway Metropolitan Housing Authority as of December 31, 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 May 9, 2002, on our consideration of Pickaway 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 Pickaway 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.
May 9, 2002

PICKAWAY METROPOLITAN HOUSING AUTHORITY
CIRCLEVILLE, OHIO
BALANCE SHEET
DECEMBER 31, 2001
ASSETS

Current Assets

Cash and Cash Equivalents	\$ 318,228
Tenant Accounts Receivable- Net of \$ 2,677 Doubtful Accounts	6,407
Accounts Receivable- Fraud - Net of \$ 5,339 Doubtful Accounts	8,008
Accounts Receivable-HUD	127,334
Accounts Receivable-Other	9,177
Accrued Interest Receivable	2,617
Investments-Unrestricted	318,963
Prepaid Expenses	4,665
Inventory- Net of \$ 200 Allowance for Obsolete	2,148
Interprogram-Due From	<u>27,614</u>
Total Current Assets	825,161
Investments - Restricted	540,887
Property and Equipment - Net of \$ 2,919,038 Accumulated Depreciation	<u>5,988,171</u>
Total Assets	<u>\$ 7,354,219</u>

LIABILITES AND EQUITY

Current Liabilities

Accounts Payable	\$ 11,411
Accounts Payable- Other Governments	14,247
Accounts Payable- HUD	34,123
Tenant Security Deposits	14,229
Accrued Wages and Payroll Taxes	9,545
Accrued Compensated Absences-current portion	28,754
Deferred Revenues	359
Current Portion of Long Term Debt	900
Interprogram Due to	<u>27,614</u>
Total Current Liabilities	141,182

Noncurrent Liabilites

Accrued Compensated Absences - long term, net of current portion	52,448
Long Term Debt- Capital Projects	<u>535,996</u>
Total Noncurrent Liabilities	<u>588,444</u>
Total Liabilities	<u>\$ 729,626</u>

Equity

Contributed Capital	6,055,074
Retained Earnings	<u>569,519</u>
Total Equity	<u>6,624,593</u>
Total Liabilities and Equity	<u>\$ 7,354,219</u>

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

PICKAWAY METROPOLITAN HOUSING AUTHORITY
CIRCLEVILLE, OHIO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 2001

<u>Revenue</u>	
HUD Grants	\$ 2,716,951
Capital Grants	164,791
Other Government Grants	13,530
Rental Income	241,982
Investment Income-Unrestricted	23,655
Fraud Recovery	<u>1,135</u>
 Total Revenue	 3,162,044
<u>Expenses (before depreciation)</u>	
Housing Assistance Payments	2,105,697
Administrative Salaries	294,350
Outside Management Fees	5,960
Compensated Absences	7,682
Tenant Services-Other	3,255
Employee Benefits	117,366
Other Administrative Expense	78,017
Material and Labor	96,726
Contract Services	73,777
Utilities	81,211
General Expenses	9,899
Payment in Lieu of Taxes	14,247
Interest Expense	12,899
Bad Debt Expense	<u>11,629</u>
 Total Expenses	 2,912,715
 Income (Loss) before Depreciation & Other Costs	 249,329
Fraud Losses	509
Depreciation	<u>339,116</u>
 Operating Income (Loss)	 (90,296)
 Retained Earnings - Beginning of Year	 <u>55,480</u>
Equity Reclassifications - See Note 9	<u>604,335</u>
Retained Earnings - End of Year	<u>569,519</u>
 Contributed Capital - Beginning of Year	 6,706,151
Equity Reclassifications - See Note 9	(604,335)
Adjustments by HUD, transfers	<u>(46,742)</u>
Contributed Capital - End of Year	<u>6,055,074</u>
 Total Equity - End of Year	 <u>\$ 6,624,593</u>

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

PICKAWAY METROPOLITAN HOUSING AUTHORITY
CIRCLEVILLE, OHIO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2001

Cash Flows from Operating Activities

Net Income (Loss)	\$ (90,296)
Adjustments to reconcile Operating Loss to Net Cash Provided By Operating Activities:	
Depreciation	339,116
Adjustments by HUD, transfers	(46,742)
Accounts Receivable-Tenants	7,722
Allowance for Doubtful Accounts-Tenants	(7,985)
Accounts Receivable-Fraud	(487)
Allowance for Doubtful Accounts-Fraud	466
Accounts Receivable-HUD	(126,334)
Accounts Receivable-Other-Net	(454)
Accrued Interest Receivable	11,097
Prepaid Expenses	(611)
Inventory	(88)
Interprogram Due From	(2,986)
Accounts Payable	(6,591)
Accounts Payable-Other Governments	(1,590)
Accounts Payable-HUD	(164,072)
Security Deposits	1,689
Accrued Wages & Taxes	1,650
Accrued Compensated Absences	29,736
Deferred Revenues	(167,288)
Other Current Liabilities	(20,414)
Interprogram Due To	2,986
Net Cash Used By Operating Activities	<u>(241,476)</u>

Cash Flows from Investing Activities

Change in Investments	32,511
Net Cash Provided (Used) By Investing Activities	<u>32,511</u>

Cash Flows from Financing and Related Activities

Debt Reduction	(1,176)
Change in Property and Equipment	<u>(164,350)</u>
Net Cash Used by Financing Activities	<u>(165,526)</u>
Increase (Decrease) In Cash and Cash Equivalents	(374,491)
Cash and Cash Equivalents - Beginning of Year	<u>692,719</u>
Cash and Cash Equivalents - End of Year	<u>\$ 318,228</u>

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

PICKAWAY METROPOLITAN HOUSING AUTHORITY
CIRCLEVILLE, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Pickaway Metropolitan Housing Authority (PMHA 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 Pickaway 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 Propriety 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.

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.

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.

PICKAWAY METROPOLITAN HOUSING AUTHORITY
CIRCLEVILLE, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Tenant Receivables - Recognition of Bad Debts

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

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.

Useful Lives

Buildings	40 Years
Land & Building Improvements	15 Years
Equipment	7 Years
Autos	5 Years
Computers	3 Years

Depreciation is recorded on the straight-line method.

Capitalization of Interest

The Authority's policy is not to capitalize interest in the construction or purchase of fixed assets.

Investments

Investments are stated at fair value. Cost-based measures of fair value were applied to nonnegotiable certificates of deposit and money market investments.

Restricted Investments

Restricted investments represent amounts received for the home ownership program.

NOTE 2 - CASH AND INVESTMENTS

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.

PICKAWAY METROPOLITAN HOUSING AUTHORITY
CIRCLEVILLE, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2001

NOTE 2 - CASH 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 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 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. . . . \$ 353,653 was covered by federal depository insurance.
Category 2. . . . \$ 614,432 was covered by specific collateral pledged by the
financial institution in the name of the Authority.

Book Balances at December 31, 2001, were as follows:

	Cash	Investments		Total
Public Housing	\$ 87,082	\$ 667,888	\$	754,970
Section 8 Vouchers	176,722	122,258		298,980
Section 8 Certificates	47,945	-		47,945
Rural Rental Housing	6,479	69,704		76,183
Total	<u>\$ 318,228</u>	<u>\$ 859,850</u>	<u>\$</u>	<u>1,178,078</u>

Investments

HUD, State Statute 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

PICKAWAY METROPOLITAN HOUSING AUTHORITY
CIRCLEVILLE, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2001

NOTE 2 - CASH AND INVESTMENTS, continued

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 conformation 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.

The Authority's nonnegotiable certificates of deposit are classified as investments on the balance sheet but 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:

Land	\$ 468,021
Buildings and Building Improvements	8,150,813
Furniture, Equipment- Dwelling	108,392
Furniture, Equipment- Administrative	155,875
Leasehold Improvements	<u>24,108</u>
Total	8,907,209
Less Accumulated Depreciation	<u>(2,919,038)</u>
Net Property and Equipment	<u>\$5,988,171</u>

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 and Vouchers
Units per month x \$ 42.68/unit

PICKAWAY METROPOLITAN HOUSING AUTHORITY
CIRCLEVILLE, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2001

NOTE 5 - DEFINED PENSION PLANS AND POSTRETIREMENT BENEFITS

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. PERS provides retirement and disability benefits, annual cost-of-living adjustments, death benefits to plan members and beneficiaries. The authority to establish and amend benefits is provided by the state statute 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 E. 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. 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 ending December 31, were as follows:

	Contribution	%
12/31/01	\$ 72,114	13.55%
12/31/00	\$ 54,490	13.55%
12/31/99	\$ 53,568	13.55%

All required contributions were made prior to each of those fiscal year ends. PERS of Ohio provides post-retirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employee and employer contributions. 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 unfunded actuarial 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. 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 unfunded 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.

PICKAWAY METROPOLITAN HOUSING AUTHORITY
CIRCLEVILLE, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2001

NOTE 6 - COMPENSATED ABSENCES

Vacation and sick leave policies are established by the Board of Commissioners based on local and state laws.
All permanent employees will earn 4.6 hours sick leave per (80) hours of service. Unused sick leave may be accumulated without limit.
All permanent employees will earn vacation hours accumulated based on length of service. All vacation time accumulated will be paid upon separation.

At December 31, 2001, based on the vesting method, \$ 81,202 was accrued by the Authority for unused vacation and sick time.

NOTE 7 - INSURANCE

The Housing Authority maintains comprehensive insurance coverage with private carriers for health real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. There was no significant reduction in coverages and no settlements exceeded insurance coverage during the past three years.

NOTE 8 - CONTINGENCIES

Litigation and Claims

In the normal course of operations, the Authority may be subject to litigation and claims. At December 31, 2001 the Authority was involved in no matters which management believes would have a material effect on the financial statements.

NOTE 9 - RECLASSIFICATIONS AND EQUITY ADJUSTMENTS

Based on REAC's guidelines, the following reclassifications were recorded for the period ending December 31, 2001.

Accrual for Compensated Absences - from current liability to long term liability

<u>Equity Adjustments:</u>		<u>Contributed</u>	<u>Retained</u>	<u>Total</u>
		<u>Capital</u>	<u>Earnings</u>	
Beginning balance	12/31/00	\$ 6,706,151	\$ 55,480	\$ 6,761,631
Reclass- REAC		(604,335)	604,335	
Current Loss			(90,296)	(90,296)
HUD adjustments, transfers		(46,742)	-	(46,742)
Ending Balance	12/31/01	<u>\$ 6,055,074</u>	<u>\$ 569,519</u>	<u>\$ 6,624,593</u>

PICKAWAY METROPOLITAN HOUSING AUTHORITY
CIRCLEVILLE, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2001

NOTE 10 - LONG TERM DEBT

The Authority manages a multiple family housing project funded by the Department of Agriculture under their rural housing service. The debt associated with this project is as follows:

Amount of Loan	\$ 545,795
Date of Loan	May 10, 1985
Interest rate	11.875%
Unpaid Principal	\$ 536,896

PICKAWAY METROPOLITAN HOUSING AUTHORITY
CIRCLEVILLE, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 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>			
Direct Programs:			
Low Rent Public and Indian Housing	14.850		\$ <u>228,298</u>
Public Housing- Comprehensive Improvement Assistance Program	14.852	*	<u>76,491</u>
Capital Fund Program	14.872		<u>134,799</u>
Section 8 Tenant Based Cluster:			
Section 8 Rental Certificate Program	14.857	*	72,288
Section 8 Housing Voucher Program	14.871		<u>2,369,866</u>
Sub-Total			<u>2,442,154</u>
U. S. Department of Agriculture Rural Rental Housing	10.415		<u>13,530</u>
Total Federal Assistance			<u>\$ 2,895,272</u>

* The Authority received funds under this grant via the LOCCS system and per REAC instructions must be included in this schedule using the CFDA # for this program.

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

See Independent Auditors' Report

PICKAWAY METROPOLITAN HOUSING AUTHORITY
 Supplemental Financial Data Schedule
 Balance Sheet

As of December 31, 2001

	Low Rent	Capital Fund Program	Rural Rental Housing Program	Comprehensive Improvement Assistance Program	Section 8 Certificates Program	Section 8 Housing Choice Vouchers Program	TOTAL
ASSETS							
Current Assets							
Cash-unrestricted	\$ 74,842	\$ 3,059			\$ 47,945	\$ 148,803	\$ 274,649
Cash-Tenant Security Deposits	12,240	3,420			27,919		15,660
Cash-other restricted							27,919
Total cash	87,082	6,479	-	-	47,945	176,722	318,228
Accounts and notes receivables							
Accounts receivable-HUD other projects						127,334	127,334
Accounts receivable-miscellaneous	2,025				7,152	9,177	9,177
Accounts receivable-tenants-dwelling rent	3,615		353		5,116	9,084	9,084
Allowance for doubtful accounts-dwelling rent	(1,994)				(683)	(2,677)	(2,677)
Fraud recovery					13,347	13,347	13,347
Allowance for doubtful accounts-fraud					(5,339)	(5,339)	(5,339)
Accrued interest receivable	806				1,811	2,617	2,617
Total rec's, net of allow. for uncollectibles	4,452	-	353	-	-	148,738	153,543
Current Investments							
Investments-Unrestricted	127,001		69,704			122,258	318,963
Investments-restricted	540,887					540,887	540,887
Prepaid expenses and other assets	2,281		260			2,124	4,665
Inventories	1,174					1,174	2,348
Allowance for obsolete inventories	(100)					(100)	(200)
Interprogram-due from						27,614	27,614
Total investments	671,243	-	69,964	-	-	153,070	894,277
Total current assets	762,777	-	76,796	-	47,945	478,530	1,366,048
Noncurrent assets							
Land	449,081		18,940				468,021
Buildings	7,367,359	80,755	529,682	173,017			8,150,813
Furniture, equipment and machinery-dwelling	77,722	23,545	1,021	6,104			108,392
Furniture, equipment and machinery-admin.	111,534	388		24,108			155,875
Leasehold improvements							24,108
Accumulated depreciation	(2,654,979)	(2,355)	(211,752)	(17,566)		(32,386)	(2,919,038)

See Independent Auditors' Report

PICKAWAY METROPOLITAN HOUSING AUTHORITY
 Supplemental Financial Data Schedule
 Balance Sheet, continued
 As of December 31, 2001

	Low Rent		Capital		Rural Rental		Comprehensive		Section 8		TOTAL
	Public	Housing	Fund	Program	Housing	Program	Improvement	Assistance	Certificates	Housing Choice	
	Program	Program	Program	Program	Program	Program	Program	Program	Program	Program	
	<u>14,850</u>	<u>14,872</u>	<u>101,945</u>	<u>101,945</u>	<u>10,415</u>	<u>338,279</u>	<u>14,852</u>	<u>185,663</u>	<u>14,867</u>	<u>11,567</u>	<u>5,988,171</u>
Total fixed assets, net of accum. depreciation	5,350,717	101,945	101,945	101,945	338,279	185,663	185,663	185,663	47,945	11,567	5,988,171
Total non-current assets	5,350,717	101,945	101,945	101,945	338,279	185,663	185,663	185,663	47,945	11,567	5,988,171
Total assets	\$ 6,113,494	\$ 101,945	\$ 101,945	\$ 101,945	\$ 415,075	\$ 185,663	\$ 185,663	\$ 47,945	\$ 490,097	\$ 7,354,219	\$ 7,354,219

LIABILITIES AND EQUITY

Current liabilities											
Accounts payable < 90 days	\$ 7,735		\$ 1,234						\$ 2,442		\$ 11,411
Accrued wages/payroll taxes payable									9,545		9,545
Accrued Compensated Absences	15,967								12,787		28,754
Accounts payable-HUD PHA Program								32,398	1,725		34,123
Accounts payable-other government	14,247		2,624						175		14,247
Tenant Security Deposits	11,430		8								14,229
Deferred Revenues	351		900								359
Current portion of long term debt	18,996		8,618								900
Interprogram due to											27,614
Total current liabilities	68,726		13,384						32,398		141,182
Non-current liabilities											
Accrued Comp Absences, net of current	16,634								35,814		52,448
Long term debt, net of current portion											535,996
Total non-current liabilities	16,634								35,814		588,444
Total Liabilities	85,360		549,380						32,398		729,626
Equity											
Net HUD PHA contributions	5,344,154					149,533					5,493,687
Fund Balance Reserved for Capital Activities	540,887								20,500		561,387
Undesignated fund balance/retained earnings	143,093		(134,305)			36,130			407,109		569,519
Total equity	6,028,134		(134,305)			185,663			427,609		6,624,593
Total liabilities & equity	\$ 6,113,494	\$ 101,945	\$ 415,075	\$ 185,663	\$ 47,945	\$ 490,097	\$ 7,354,219				\$ 7,354,219

See Independent Auditors' Report

PICKAWAY METROPOLITAN HOUSING AUTHORITY
CIRCLEVILLE, OHIO
SCHEDULE OF REVENUE AND EXPENSE BY PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 2001

	Low Rent Program	Capital Fund Program	Rural Rental Program	CIAP Program	Rental Certificates Program	Housing Choice Voucher Program	Total
REVENUE							
HUD Grants	\$ 228,298	\$ 30,498		\$ 16,001	\$ 72,288	\$ 2,369,866	\$ 2,716,951
Capital Grants		104,301		60,490			164,791
Other Government Grants			13,530				13,530
Rental Income	209,398		32,584				241,982
Investment Income-Unrestricted	6,866		1,796		10,970	4,023	23,655
Fraud Recovery					504	631	1,135
Total Revenue	<u>444,562</u>	<u>134,799</u>	<u>47,910</u>	<u>76,491</u>	<u>83,762</u>	<u>2,374,520</u>	<u>3,162,044</u>
EXPENSES							
HAP					62,811	2,042,886	2,105,697
Administrative Salaries	117,390				5,750	171,210	294,350
Outside Management Fees			5,960				5,960
Compensated Absences	3,808					3,874	7,682
Tenant Services-Other	3,255						3,255
Employee Benefits	53,600				2,130	61,636	117,366
Other Administrative Expense	21,882	1,726	644		1,500	52,265	78,017
Material and Labor	59,574	19,499	2,581	8,027		7,045	96,726
Contract Services	45,119	9,275	4,837	2,500		12,046	73,777
Utilities	64,743		12,915			3,553	81,211
General Expenses	8,894		1,005				9,899
Payments in Lieu of Taxes	14,247						14,247
Interest Expense			12,899				12,899
Bad Debt Expense	9,400		2,229				11,629
Total Expenses	<u>401,912</u>	<u>30,500</u>	<u>43,070</u>	<u>10,527</u>	<u>72,191</u>	<u>2,354,515</u>	<u>2,912,715</u>
Income (Loss) before							
Depreciation & Other Costs	42,650	104,299	4,840	65,964	11,571	20,005	249,329
Fraud Losses						509	509
Operating Transfers In (Out)	12,879			(12,879)			-
Depreciation	299,171	2,354	13,396	16,955		7,240	339,116
Net Income (Loss)	<u>\$ (243,642)</u>	<u>\$ 101,945</u>	<u>\$ (8,556)</u>	<u>\$ 36,130</u>	<u>\$ 11,571</u>	<u>\$ 12,256</u>	<u>\$ (90,296)</u>

See Independent Auditors' Report

PICKAWAY METROPOLITAN HOUSING AUTHORITY
CIRCLEVILLE, OHIO
SCHEDULE OF ACTIVITY
DECEMBER 31, 2001

The PHA had 672 units under management.

<u>Management</u>	<u>Units</u>
Low Rent Public Housing Program	105
Section 8 Housing Choice Vouchers Program	533
Section 8 Certificates Program	19
Rural Rental Housing Program	<u>15</u>
TOTAL	<u>672</u>

PRIOR AUDIT FINDINGS

THERE WERE NO PRIOR AUDIT FINDINGS.

See Independent Auditors' Report

PICKAWAY METROPOLITAN HOUSING AUTHORITY
CIRCLEVILLE, OHIO

ACTUAL MODERNIZATION COST CERTIFICATION

At December 31, 2001

1. The Actual Modernization Grant Costs are as follows:

	<u>Project</u> <u>OH16-907-99</u>
Funds Approved	\$ 254,476
Funds Expended	<u>254,476</u>
Excess (Deficiency) of Funds Approved	<u>\$ -</u>
Funds Advanced	\$ 254,476
Funds Expended	<u>254,476</u>
Excess (Deficiency) of Funds Advanced	<u>\$ -</u>
Date Submitted:	June 25, 2001

2. 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.

3. All Modernization Grant Costs have been paid and all related liabilities have been discharged through payment

See Independent Auditors' Report

*J. E. Slaybaugh & Associates, Inc.
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Lexington, Ohio 44904*

*Member AICPA
Member OSCPA*

*John E. Slaybaugh III
Certified Public Accountant*

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
Pickaway Metropolitan Housing Authority
Circleville, Ohio

We have audited the financial statements of Pickaway Metropolitan Housing Authority, Circleville, Ohio, as of and for the year ended December 31, 2001, and have issued our report thereon dated May 9, 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.

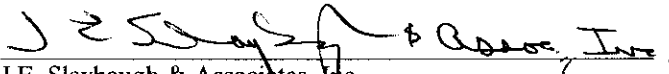
Compliance

As part of obtaining reasonable assurance about whether Pickaway 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 Pickaway 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.
May 9, 2002

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Lexington, Ohio 44904*

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Member OSCPA*

*John E. Slaybaugh III
Certified Public Accountant*

INDEPENDENT AUDITOR'S 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
Pickaway Metropolitan Housing Authority
Circleville, Ohio

Compliance

We have audited the compliance of Pickaway Metropolitan Housing 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 December 31, 2001. Pickaway Metropolitan Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. 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 Pickaway Metropolitan Housing Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the provisions of the *Public and Indian Housing Compliance Supplement*, PIH Notice 97-30. 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 Pickaway Metropolitan Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Pickaway Metropolitan Housing Authority's compliance with those requirements.

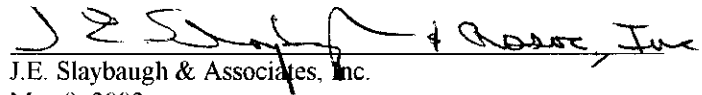
In our opinion, Pickaway Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2001.

Internal Control Over Compliance

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

This report is intended for the information and use of 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.

May 9, 2002

PICKAWAY METROPOLITAN HOUSING AUTHORITY
CIRCLEVILLE, OHIO

SCHEDULE OF FINDINGS

December 31, 2001

PART I - SUMMARY OF AUDITOR'S RESULTS

1. The auditor has issued an unqualified opinion on the financial statements of Pickaway Metropolitan Housing Authority.
2. There were no reportable conditions in internal control disclosed by the audit of the financial statements.
3. There was no noncompliance material to the financial statements disclosed by the audit.
4. There were no reportable conditions in the internal control over major programs disclosed by the audit.
5. The auditor has issued an unqualified opinion on compliance for major programs for Pickaway Metropolitan Housing Authority.
6. The audit disclosed no audit findings.
7. The major programs are:

Cluster- Tenant Based Section 8 Programs
8. The dollar threshold used to distinguish between Type A and Type B programs was \$ 300,000.
9. The auditor determined that Pickaway Metropolitan Housing Authority qualified as a low-risk auditee.

PART II - FINDINGS RELATED TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED
TO BE REPORTED IN ACCORDANCE WITH *GAGAS*

1. None

PART III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS INCLUDING AUDIT FINDINGS

1. None



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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PICKAWAY METROPOLITAN HOUSING AUTHORITY

PICKAWAY 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 2, 2002**