

**PIKE METROPOLITAN HOUSING AUTHORITY  
PIKETON, 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*  
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STATE OF OHIO  
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Board of Commissioners  
Pike Metropolitan Housing Authority  
Piketon, Ohio

We have reviewed the Independent Auditor's Report of the Pike Metropolitan Housing Authority, Pike 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 Pike 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

July 9, 2002

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PIKE METROPOLITAN HOUSING AUTHORITY  
PIKETON, OHIO

DECEMBER 31, 2001

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*J.E. Slaybaugh & Associates, Inc.  
12 East Main Street  
Lexington, Ohio 44904*

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Certified Public Accountant*

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Pike Metropolitan Housing Authority  
Pikeeton, Ohio

We have audited the accompanying balance sheet of the Pike Metropolitan Housing Authority, Pikeeton, 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.

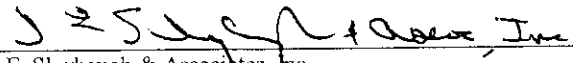
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and 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 Pike 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 30, 2002, on our consideration of Pike 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 Pike Metropolitan Housing Authority, taken as a whole. The accompanying schedule of expenditures of federal awards is 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 30, 2002

PIKE METROPOLITAN HOUSING AUTHORITY  
 PIKETON, OHIO  
 BALANCE SHEET  
 December 31, 2001

**ASSETS**

**Current Assets**

Cash and Cash Equivalents	\$ 75,567
Investments-Unrestricted	756,494
Accounts Receivable-PHA Projects	1,303
Tenant/Fraud Accounts Receivable- Net of \$ 2,500 Doubtful Accounts	2,148
Accounts Receivable-HUD	28,289
Accounts Receivable-Other	63,242
Interprogram Due From	30,000
Prepaid Expenses	2,449
Inventory	<u>15,123</u>
Total Current Assets	974,615
Property and Equipment - Net of \$ 2,594,718 Accumulated Depreciation	<u>4,162,762</u>
Total Assets	<u>\$ 5,137,377</u>

**LIABILITIES AND EQUITY**

**Current Liabilities**

Accounts Payable	\$ 4,432
Accounts Payable- HUD	9,800
Accounts Payable- PHA Projects	18,489
Accounts Payable- Governments	2,739
Tenant Security Deposits	13,528
Accrued Wages and Payroll Taxes	6,440
Accrued Compensated Absences	16,255
Deferred Revenues	125
Current portion of long-term debt	15,350
Interprogram Due To	<u>30,000</u>
Total Current Liabilities	<u>117,158</u>
Non-current Liabilities	
Long term debt- net of current portion	364,197
Accrued Compensated Absences-noncurrent	35,645
Other non-current liabilities	<u>20,318</u>
Total Non-current Liabilities	<u>420,160</u>
Total Liabilities	<u>537,318</u>
Contributed Capital	3,385,041
Retained Earnings	<u>1,215,018</u>
Total Equity	<u>4,600,059</u>
Total Liabilities and Equity	<u>\$ 5,137,377</u>

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



PIKE METROPOLITAN HOUSING AUTHORITY  
 PIKETON, OHIO  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN EQUITY  
 FOR THE YEAR ENDED DECEMBER 31 2001

<b><u>Revenue</u></b>		
HUD Grants		\$ 2,145,800
Rental Income		159,124
Investment Income-Unrestricted		41,667
Other Revenue		<u>64,731</u>
Total Revenue		2,411,322
<b><u>Expenses (before depreciation)</u></b>		
Housing Assistance Payments		1,345,463
Administrative Salaries		180,981
Compensated Absences		(37,397)
Employee Benefits		93,239
Other Administrative Expense		137,405
Material and Labor-Maintenance		103,249
Contract Services		36,609
Tenant Services- Other		2,729
Utilities		64,094
General Expenses		15,626
Payments in Lieu of Taxes		3,043
Interest Expense		20,203
Bad Debt- Tenant Rents		<u>11,207</u>
Total Expenses		1,976,451
Income (Loss) before Depreciation & Other Costs		434,871
Depreciation		<u>251,740</u>
Operating Income (Loss)		183,131
Retained Earnings - Beginning of Year		1,073,746
Adjustments, Equity Transfers	See Note 9	<u>(41,859)</u>
Retained Earnings - End of Year		<u>1,215,018</u>
Contributed Capital- Beginning of Year		3,348,802
Adjustments, Equity Transfers	See Note 9	<u>36,239</u>
Contributed - End of Year		<u>3,385,041</u>
Total Equity - End of Year		<u>\$ 4,600,059</u>

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

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

**Cash Flows from Operating Activities**

Operating Income (Loss)	\$ 183,131
Adjustments to reconcile Operating Income(Loss) to Net Cash Provided By Operating Activities:	
Depreciation	251,740
Changes in Operating Assets and Liabilities that Increase (Decrease) Cash Flows:	
Tenant Accounts Receivable- Net	(101)
Accounts Receivable- Fraud	(1,200)
Accounts Receivable- HUD	24,432
Accounts Receivable-Intergovernmental	995
Accounts Receivable- Other	(58,290)
Prepaid Expenses	(145)
Inventory	(6,596)
Accounts Payable- Vendor	(8,123)
Accounts Payable-HUD	7,660
Accounts Payable- Governments	16,813
Interprogram Due To	30,000
Accrued Wages & Taxes Payable	1,770
Accrued Compensated Absences	(37,397)
Tenant Security Deposits	1,424
Deferred Revenues	(117,122)
Current portion of Long Term Debt	5,386
Other noncurrent liabilities	(2,337)
Prior Year Adjustments	<u>(5,620)</u>
Total Adjustments	<u>103,289</u>
Net Cash (Used) Provided By Operating Activities	<u>286,420</u>

**Cash Flows from Investing Activities**

Change in Investments	<u>(39,664)</u>
Net Cash (Used) Provided By Investing Activities	<u>(39,664)</u>

**Cash Flows from Capital and Related Financing Activities**

Mortgage Loan	127,000
Debt Retirement	(31,167)
Change in Property and Equipment	<u>(463,510)</u>
Net Cash (Used) Provided by Capital Financing Activities	<u>(367,677)</u>
Increase (Decrease) In Cash and Cash Equivalents	(120,921)
Cash and Cash Equivalents - Beginning of Year	<u>196,488</u>
Cash and Cash Equivalents - End of Year	<u>\$ 75,567</u>

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

PIKE METROPOLITAN HOUSING AUTHORITY  
PIKETON, OHIO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Pike 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 Pike 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.

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.

PIKE METROPOLITAN HOUSING AUTHORITY  
PIKETON, 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.

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.

PIKE METROPOLITAN HOUSING AUTHORITY  
 PIKETON, 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 . . . \$ 100,000 was covered by federal depository insurance.
- Category 2 . . . \$ 795,297 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	\$ 29,854	\$ 176,259	\$ 206,113
Section 8 Vouchers	29,192	501,832	531,024
State/Local	<u>16,521</u>	<u>78,403</u>	<u>94,924</u>
Total	<u>\$ 75,567</u>	<u>\$ 756,494</u>	<u>\$ 832,061</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

PIKE METROPOLITAN HOUSING AUTHORITY  
 PIKETON, 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	\$ 739,751
Buildings and Building Improvements	5,402,480
Furniture, Equipment- Dwelling	254,542
Furniture, Equipment- Administrative	69,534
Construction in Progress	<u>291,173</u>
Total	6,757,480
Less Accumulated Depreciation	<u>(2,594,718)</u>
Net Property and Equipment	<u>\$4,162,762</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. Vouchers

Units per month x \$ 39.25/unit

PIKE METROPOLITAN HOUSING AUTHORITY  
 PIKETON, 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	\$ 38,089	13.55%
12/31/00	\$ 28,473	13.55%
12/31/99	\$ 27,324	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.

PIKE METROPOLITAN HOUSING AUTHORITY  
 PIKETON, 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 3.75 hours sick leave per (80) hours of service. Unused sick leave may be accumulated without limit.

At the time of separation, accumulated sick leave will be paid to the maximum of (30) days.

All permanent employees will earn vacation hours accumulated based on length of service. All vacation time accumulated will paid upon separation.

At December 31, 2001, based on the vesting method, \$ 51,900 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

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, net of current portion

	Cont Cap	Ret Earn	Total
Beginning Balance at 12/31/00	\$ 3,348,802	\$ 1,073,746	\$ 4,422,548
Prior Year Adjustment	41,859	(41,859)	
Correction of error	(5,620)		(5,620)
Current profit		183,131	183,131
Ending Balance 12/31/01	<u>\$ 3,385,041</u>	<u>\$ 1,215,018</u>	<u>\$ 4,600,059</u>

NOTE 10- LONG TERM DEBT

The Authority has the following financing agreements on rental properties purchased:

First National Bank	212 St Anns	3.000%	\$ 10,243
First National Bank	221 St Anns	7.500%	21,782
First National Bank	77 Circleview	3.000%	16,699
First National Bank	337 Arlington	7.750%	8,907
First National Bank	Duplex	5.000%	126,459
Fifth Third Bank	Various - Bond Indenture	6.630%	66,037
Fifth Third Bank	Various	6.630%	129,420
	Total		<u>\$ 379,547</u>



PIKE METROPOLITAN HOUSING AUTHORITY  
 PIKETON, 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>		
<b>Direct Programs:</b>		
Low Rent Public Housing Program	14.850	\$ <u>259,568</u>
Public Housing- Comprehensive Improvement Assistance Grant Program	14.852	<u>242,717</u>
Capital Fund Program	14.872	<u>77,586</u>
 <b>Section 8 Tenant Based Cluster:</b>		
Section 8 Housing Choice Voucher Program	14.871	<u>1,565,929</u>
 <b>Total Federal Awards Expended</b>		 <b>\$ <u>2,145,800</u></b>

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

**See Independent Auditors' Report**

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

	Low Rent Public Housing Program 14,850	Comprehensive Improvement Assistance Program 14,852	Capital Fund Program 14,872	Section 8 Housing Vouchers Program 14,871	State/Local	TOTAL
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash-unrestricted	\$ 29,854			\$ 29,192	\$ 16,521	\$ 75,567
Total cash	29,854	-	-	29,192	16,521	75,567
Accounts and notes receivables						
Accounts receivable-PHA projects					31,303	31,303
Accounts receivable-HUD other projects	28,290	18,489	9,800	34,952		28,289
Accounts receivable-miscellaneous	3,140					63,242
Accounts receivable-tenants-dwelling rent	(2,500)					3,140
Allowance for doubtful accounts-dwelling rent	1,508					(2,500)
Fraud recovery						1,508
Total receivables, net of allowances for uncollectibles	30,438	18,489	9,800	34,952	31,303	124,982
<b>Current Investments</b>						
Investments-Unrestricted	176,259			501,832	78,403	756,494
Prepaid expenses and other assets	2,118			331		2,449
Inventories	15,123					15,123
Total investments	193,500	-	-	502,163	78,403	774,066
Total current assets	253,792	18,489	9,800	566,307	126,227	974,615
<b>Noncurrent assets</b>						
Land	615,223				124,528	739,751
Buildings	4,609,035				793,445	6,402,480
Furniture, equipment and machinery-dwelling	254,542					254,542
Furniture, equipment and machinery-admin.	32,441			37,093		69,534
Accumulated depreciation	(2,428,275)			(26,191)	(140,252)	(2,594,718)
Construction in Progress		244,798	46,375			291,173
Total fixed assets, net of accum. depreciation	3,082,966	244,798	46,375	10,902	777,721	4,162,762
Total non-current assets	3,082,966	244,798	46,375	10,902	777,721	4,162,762
Total assets	\$ 3,336,758	\$ 263,287	\$ 56,175	\$ 577,209	\$ 903,948	\$ 5,137,377

See Independent Auditors' Report

PIKE METROPOLITAN HOUSING AUTHORITY  
 Supplemental Financial Data Schedule  
 Balance Sheet, Continued  
 As of December 31, 2001

	Low Rent Public Housing Program	Comprehensive Improvement Assistance Program	Capital Fund Program	Section 8 Housing Vouchers Program	State/Local	TOTAL
<b>LIABILITIES AND EQUITY</b>						
<b>Current liabilities</b>						
Accounts payable < 90 days	\$ 4,028				\$ 404	\$ 4,432
Accrued wages/payroll taxes payable	4,915			1,525		6,440
Accrued compensated absences	12,799			3,456		16,255
Accounts payable-HUD PHA Program			9,800			9,800
Accounts payable-PHA Projects		18,489				18,489
Accounts payable-other government	2,739					2,739
Tenant Security Deposits	11,628				1,900	13,528
Deferred Revenues	125					125
Current portion of long-term debt-capital projects					15,350	15,350
Interprogram Due To	30,000					30,000
<b>Total current liabilities</b>	<b>66,234</b>	<b>18,489</b>	<b>9,800</b>	<b>4,981</b>	<b>17,654</b>	<b>117,158</b>
<b>Non-current liabilities</b>						
Long term debt, net of current-capital projects					364,197	364,197
Accrued Compensated Absences-Noncurrent	24,964			10,681		35,645
Non-current liabilities-other	4,294			16,024		20,318
<b>Total non-current liabilities</b>	<b>29,258</b>	<b>-</b>	<b>-</b>	<b>26,705</b>	<b>364,197</b>	<b>420,160</b>
<b>Total Liabilities</b>	<b>95,492</b>	<b>18,489</b>	<b>9,800</b>	<b>31,686</b>	<b>381,851</b>	<b>537,318</b>
<b>Equity</b>						
Net HUD PHA contributions	3,082,966	244,798	46,375	10,902		3,385,041
Undesignated fund balance/retained earnings	158,300			534,621	522,097	1,215,018
<b>Total equity</b>	<b>3,241,266</b>	<b>244,798</b>	<b>46,375</b>	<b>545,523</b>	<b>522,097</b>	<b>4,600,059</b>
<b>Total liabilities &amp; equity</b>	<b>\$ 3,336,758</b>	<b>\$ 263,287</b>	<b>\$ 56,175</b>	<b>\$ 577,209</b>	<b>\$ 903,948</b>	<b>\$ 5,137,377</b>

See Independent Auditors' Report

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

	Low Rent Public Housing Program	Capital Fund Program	Comprehensive Improvement Assistance Program	State/Local Program	Section 8 Housing Voucher Program	Total
	<u>14.850</u>	<u>14.872</u>	<u>14.852</u>		<u>14.871</u>	
<b>REVENUE</b>						
HUD Grants	\$ 259,568	\$ 77,586	\$ 242,717		\$ 1,565,929	\$ 2,145,800
Rental Income	84,619			74,505		159,124
Investment Income-Unrestricted	8,337			6,615	26,715	41,667
Other Revenue	<u>(2,193)</u>			<u>66,487</u>	<u>437</u>	<u>64,731</u>
Total Revenue	350,331	77,586	242,717	147,607	1,593,081	2,411,322
<b>EXPENSES</b>						
Housing Assistance Payments					1,345,463	1,345,463
Administrative Salaries	75,949			6,750	98,282	180,981
Compensated Absences	(26,124)				(11,273)	(37,397)
Employee Benefits	60,551			1,188	31,500	93,239
Other Administrative Expense	19,939	14,584	55,431	10,219	37,232	137,405
Material and Labor-Maintenance	77,841			25,408		103,249
Contract Services	29,781			6,828		36,609
Tenant Services-Other	2,729					2,729
Utilities	46,371			17,343	380	64,094
General Expenses	7,183			7,567	876	15,626
Payments in Lieu of Taxes	3,043					3,043
Interest Expense				20,203		20,203
Bad Debt- Tenant Rents	<u>11,207</u>					<u>11,207</u>
Total Expenses	<u>308,470</u>	<u>14,584</u>	<u>55,431</u>	<u>95,506</u>	<u>1,502,460</u>	<u>1,976,451</u>
Income (Loss) before Depreciation & Other Costs	41,861	63,002	187,286	52,101	90,621	434,871
Depreciation	<u>226,172</u>	<u>-</u>	<u>-</u>	<u>23,413</u>	<u>2,155</u>	<u>251,740</u>
Operating Income (Loss)	<u>\$ (184,311)</u>	<u>\$ 63,002</u>	<u>\$ 187,286</u>	<u>\$ 28,688</u>	<u>\$ 88,466</u>	<u>\$ 183,131</u>

See Independent Auditors' Report

PIKE METROPOLITAN HOUSING AUTHORITY  
PIKETON, OHIO  
SCHEDULE OF ACTIVITY  
DECEMBER 31, 2001

The PHA had 551 units under management.

<u>Management</u>	<u>Units</u>
Low Rent Public Housing Program	97
Section 8 Housing Choice Vouchers Program	<u>454</u>
TOTAL	<u><u>551</u></u>

REPORT ON PRIOR YEAR AUDIT FINDINGS

THERE WERE NO PRIOR AUDIT FINDINGS

**See Independent Auditors' Report**

PIKE METROPOLITAN HOUSING AUTHORITY  
PIKETON, OHIO

ACTUAL MODERNIZATION COST CERTIFICATION

At December 31, 2001

1. The Actual Modernization Grant Costs are as follows:

	<u>Project OH16-908-98</u>	<u>Project OH16-909-99</u>
Funds Approved	\$ 250,000	\$ 190,995
Funds Expended	<u>250,000</u>	<u>190,995</u>
Excess (Deficiency) of Funds Approved	<u>\$ -</u>	<u>\$ -</u>
Funds Advanced	\$ 250,000	\$ 190,995
Funds Expended	<u>250,000</u>	<u>190,995</u>
Excess (Deficiency) of Funds Advanced	<u>\$ -</u>	<u>\$ -</u>
Date Submitted:	1/31/02	1/31/02

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.  
12 East Main Street  
Lexington, Ohio 44904*

*Member AICPA  
Member OSCP*

*John E. Slaybaugh 111  
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  
Pike Metropolitan Housing Authority  
Piketon, Ohio

We have audited the financial statements of Pike Metropolitan Housing Authority, Piketon, Ohio, as of and for the year ended December 31, 2001, and have issued our report thereon dated May 30, 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.

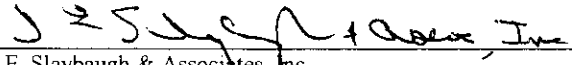
Compliance

As part of obtaining reasonable assurance about whether Pike 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 Pike 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 30, 2002

*J.E. Slaybaugh & Associates, Inc.*  
*12 East Main Street*  
*Lexington, Ohio 44904*

*Member AICPA*  
*Member OSCPA*

*John E. Slaybaugh 111*  
*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  
Pike Metropolitan Housing Authority  
Piketon, Ohio

Compliance

We have audited the compliance of Pike 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. Pike 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 Pike 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 Pike 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 Pike Metropolitan Housing Authority's compliance with those requirements.

In our opinion, Pike 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.

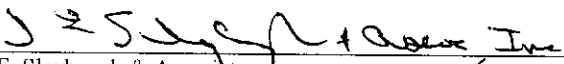
Internal Control Over Compliance

The management of Pike 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 30, 2002

PIKE METROPOLITAN HOUSING AUTHORITY  
PIKETON, 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 Pike 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 Pike Metropolitan Housing Authority.
6. The audit disclosed no audit findings.
7. The major programs are:

Section 8 Housing Choice Vouchers Program

8. The dollar threshold used to distinguish between Type A and Type B programs was \$ 300,000.
9. The auditor determined that Pike 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  

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JIM PETRO, AUDITOR OF STATE

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**PIKE METROPOLITAN HOUSING AUTHORITY**

**PIKE 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  
AUGUST 1, 2002**