

Columbiana Metropolitan Housing Authority

General Purpose Financial Statements

For the Year Ended June 30, 2003



**Auditor of State
Betty Montgomery**

Board of Commissioners
Columbiana Metropolitan Housing Authority

We have reviewed the Independent Auditor's Report of the Columbiana Metropolitan Housing Authority, Columbiana County, prepared by Salvatore Consiglio, CPA, Inc. for the audit period July 1, 2002 through June 30, 2003. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Columbiana Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

May 4, 2004

This Page is Intentionally Left Blank.

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2003

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1-2
Combined Balance Sheet - Proprietary Fund Type - Enterprise Fund	3
Combined Statement of Revenues, Expenses and Change in Fund Equity - Proprietary Fund Type - Enterprise Fund	4
Combined Statement of Cash Flows - Proprietary Fund Type – Enterprise Fund	5
Notes to the General Purpose Financial Statements	6-14
Supplemental Data:	
Combining Balance Sheet - (FDS Schedule Format)	15-16
Combining Statement of Revenues, Expenses and Changes in Retained Earnings - (FDS Schedule Format)	17 – 20
Schedule of Expenditures of Federal Awards	21
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	22-23
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	24-25
Schedule of Findings and Questioned Costs	26
Schedule of Prior Audit Findings	27

This Page is Intentionally Left Blank.

Independent Auditors' Report

Board of Directors
Columbiana Metropolitan Housing Authority

Regional Inspector General of Audit
Department of Housing and Urban
Development

I have audited the accompanying general purpose financial statements of Columbiana Metropolitan Housing Authority, Ohio, as of and for the year ended June 30, 2003, as listed in the table of contents. These general purpose financial statements are the responsibility of the Columbiana Metropolitan Housing Authority, Ohio, management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the general purpose 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Columbiana Metropolitan Housing Authority, Ohio, as of June 30, 2003, and the results of its operations and the cash flows of its proprietary fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated October 5, 2003, on my consideration of Columbiana Metropolitan Housing Authority, Ohio's internal control over financial reporting and my 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 result of my audit.

My Audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Columbiana Metropolitan Housing Authority, Ohio. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government and Non-Profit Organizations* and is not a required part of the general purpose 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 the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly presented in all material respect in relation to the general purpose financial statements taken as a whole.

A handwritten signature in black ink that reads "Salvatore Consiglio". The signature is written in a cursive style and is positioned above a horizontal line.

Salvatore Consiglio, CPA, Inc.

October 5, 2003

Columbiana Metropolitan Housing Authority
 Combined Balance Sheet
 Proprietary Fund Type - Enterprise Fund
 June 30, 2003

ASSETS

CURRENT ASSETS:

Cash and Cash Equivalents	\$883,305
Accounts Receivables – Net of Allowance	114,336
Inventories	13,807
Deferred Charges and Other Assets	51,688
Total Current Assets	<u>1,063,136</u>

Fixed Assets- net of accumulated depreciation	<u>9,821,154</u>
--	-------------------------

NONCURRENT ASSETS:

Note Receivable - Non Current	65,241
Total NonCurrent Assets	<u>65,241</u>

TOTAL ASSETS	<u><u>\$10,949,531</u></u>
---------------------	-----------------------------------

LIABILITIES AND FUND EQUITY

CURRENT LIABILITES:

Accounts Payable	\$115,884
Intergovernmental Payable	53,210
Accrued Wages and Payroll Taxes	16,888
Tenant Security Deposits	35,662
Deferred Credits and Other Liabilities	7,291
Total Current Liabilities	<u>228,935</u>

NONCURRENT LIABILITES:

Long-term Debt, net of current	64,295
Other long-term liabilities	45,124
Total Noncurrent Liabilities	<u>109,419</u>

TOTAL LIABILITES	<u>338,354</u>
-------------------------	-----------------------

EQUITY AND OTHER CREDITS

Contributed Capital	7,481,818
Reserved fund	130,000
Unreserved fund	2,999,359

Total Equity and Other Credits	<u>10,611,177</u>
---------------------------------------	--------------------------

TOTAL LIABILITIES AND FUND EQUITY	<u><u>\$10,949,531</u></u>
--	-----------------------------------

The accompanying notes to the general purpose financial statements are an integral part of these statements.

Columbiana Metropolitan Housing Authority
 Combined Statement of Revenue, Expenses and Change in Fund Equity
 Proprietary Fund Type
 Enterprise Fund
 For the Year Ended June 30, 2003

<u>REVENUE</u>	
Tenant Rental Revenue	\$627,364
Program Grant/Subsidies	4,117,001
Intergovernmental	98,346
Interest Income	20,240
Other Income	24,756
Total Revenue	<u>4,887,707</u>
 <u>EXPENSES</u>	
Administrative Expenses	909,226
Tenant Services	30,940
Utilities	374,482
Maintenance	564,868
Protective Services	125,348
General	111,015
Housing Assistance payments	1,761,444
Interest	6,850
Depreciation	662,066
Total Expenses	<u>4,546,239</u>
Excess (deficiency) of revenues over (under) expenses	<u>341,468</u>
 Other financing Sources (Uses)	
Operating Transfers in	30,160
Operating transfer out	<u>(30,160)</u>
Total Other Financing Sources (Uses)	<u>0</u>
Excess (Deficiency) of revenues and other financing sources over (under) expenses and other financing uses	341,468
 BEGINNING EQUITY	 <u>10,269,709</u>
 ENDING EQUITY	 <u>\$10,611,177</u>

The accompanying notes to the general purpose financial statements are an integral part of these statements.

Columbiana Metropolitan Housing Authority
 Combined Statement of Cash Flows
 Proprietary Fund Type
 Enterprise Fund
 For the Year Ended June 30, 2003

Cash Flows from Operating Activities:

Cash received from tenants	\$629,617
Cash received from grantor	4,174,151
Cash Paid to suppliers and employees	(2,074,382)
Cash Paid for housing assistance	(1,761,444)
Interest Paid	(6,850)
Interest received	28,534
Net Cash provided by operating activities	989,626

Cash Flows from Capital and Financing Activities:

Property and equipment purchased	(916,654)
Proceeds from Sales of Assets	904
Payment of Long-term borrowings	(9,895)
Net Cash used for Capital and Financing Activities	(925,645)

Net Increase (Decrease) in cash	63,981
Cash and cash equivalents- Beginning of Year	819,324

Cash and Cash equivalents-End of Year	\$883,305
---------------------------------------	-----------

Reconciliation of Net Income to Cash Provided by Operating Activities

Net Income	\$341,468
-------------------	------------------

Adjustments to Reconcile Net Income to net Cash Provided by Operating Activities:

Depreciation	662,066
Bad Debts	21,824
Gain on disposal of assets	(904)
Increase in accounts receivable	214,085
Increase in prepaid expenses	15,777
Decrease in inventory	10,967
Decrease in accounts payables	(175,468)
Decrease in deferred revenue	(108)
Increase in accrued expenses	(63,296)
Decrease in other liabilities	(37,820)
Increase in tenant security deposits	3,371
Adjustments to Reconcile Cash Flows	(2,336)

Net Cash Provided by operating activities	\$989,626
---	------------------

The accompanying notes to the general purpose financial statements are an integral part of these statements.

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

The financial statements of the Columbiana Metropolitan Housing Authority (the Authority) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

Reporting Entity

The Columbiana Metropolitan Housing Authority was created under the Ohio Revised Code, Section 3735.27. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate.

The accompanying general purpose financial statements comply with the provision of Governmental Accounting Standards Board (GASB) Statement 14, the Financial Reporting Entity, in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

Section 2100 indicates that the reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's government body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government a) is entitled to the organization's resources; b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or c) is obligated in some manner for the debt of the organization.

Management believes the financial statements included in this report represent all of the funds of the Authority over which the Authority is financially accountable.

Fund Accounting

The Authority uses the proprietary fund to report on its financial position and the results of its operations for the HUD programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Funds are classified into three categories: governmental, proprietary and fiduciary. The Authority uses the proprietary category for its programs.

Proprietary Fund Types

Proprietary funds are used to account for the Authority's ongoing activities, which are similar to those found in the private sector. The following is the proprietary fund type:

Enterprise Fund - This fund is used to account for the operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Measurement Focus/Basis of Accounting

The proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

period incurred. 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 FASB 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.

Investments

The provisions of the HUD Regulations restrict investments. Investments are valued at market value. Interest income earned in fiscal year ending June 30, 2003 totaled \$20,240

Fixed Assets

Fixed assets are stated at cost and depreciation is computed using the straight line method over an estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

Compensated Absences

The Authority accounts for compensated absences in accordance with GASB Statement No. 16. Sick leave and other compensated absences with similar characteristics are accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments. To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. All employees who meet the termination policy of the Authority for years of service are included in the calculation of the compensated absence accrual amount.

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: (1) the employees' rights to receive compensation are attributable to services already rendered and are not contingent on a specific event

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

that is outside the control of the employer and employee. (2) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

In the proprietary fund, the compensated absences are expensed when earned with the amount reported as a fund liability.

Budgetary Accounting

The Authority annually prepares its budget as prescribed by the Department of Housing and Urban Development. This budget is submitted to the Department of Housing and Urban Development and once approved is adopted by the Board of the Housing Authority.

Estimates

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

NOTE 2: CASH AND INVESTMENTS

Deposits – The PHA deposits are categorized to give an indication of the level of risk assumed by the PHA at fiscal year end. The categories are described as follows:

Category 1 – Insured or collateralized with securities held by the PHA or by its agent in the PHA's name.

Category 2 – Collateralized with securities held by the pledging financial institution's trust department or agent in the PHA's name.

Category 3 – Uncollateralized.

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2003
 (CONTINUED)

NOTE 2: CASH AND INVESTMENTS (Continued)

Deposits, categorized by level of risk, are:

DESCRIPTION	BANK BALANCE	CATEGORY			CARRYING AMOUNT
		1	2	3	
Cash and Cash					
Equivalents	\$979,395	\$979,395	\$0	\$0	\$883,305
Total Deposits	\$979,395	\$979,395	\$0	\$0	\$883,305

The Carrying amount includes \$100 in petty cash.

Investments - HUD Handbook 7475.1 Chapter 4, Section 1 authorizes the PHA to make investments in:

- Direct Obligations of the Federal Government;
- Obligations of Federal Government Agencies;
- Securities of Government-Sponsored Agencies; and
- Demand and Savings Deposits and Certificates of Deposit.

The PHA investments are categorized to give an indication of the level of risk assumed by the PHA at fiscal year end. The categories are described as follows:

Category 1 – Insured, registered, or securities held by the PHA or its agent in the PHA's name.

Category 2 – Uninsured and unregistered, with securities held by the counterpart's trust department or agent in the PHA's name.

Category 3 – Uninsured and unregistered, with securities held by the counterpart, or its trust department or agent but not in the PHA's name.

The PHA'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 4: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2003 the Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003
(CONTINUED)

NOTE 4: RISK MANAGEMENT (Continued)

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

NOTE 5: FIXED ASSETS

The following is a summary:

Land	\$1,027,540
Buildings	19,075,227
Furniture, Machinery and Equipment	981,003
Leasehold Improvement	2,188,408
Construction in Progress	489,165
Total Fixed Assets	23,761,343
Accumulated Depreciation	(13,940,189)
Net Fixed Assets	\$9,821,154

The following is a summary of changes:

	Balance 06/30/02	Adjust.	Additions	Deletion	Balance 06/30/03
Land	\$1,027,540	\$0	\$0	\$0	\$1,027,540
Buildings	18,379,122	591,549	104,556	0	19,075,227
Furnt, Mach. and Equip.	877,507	0	103,496	0	981,003
Leasehold Improvement	2,244,136	(55,728)	0	0	2,188,408
Construction in Progress	316,384	(535,821)	708,602	0	489,165
Total Fixed Assets	\$22,844,689	\$0	\$916,654	0	\$23,761,343

The depreciation expense for the year ended June 30, 2003 was \$662,066

**NOTE 6: DEFINED BENEFIT PENSION PLANS -PUBLIC EMPLOYEES
RETIREMENT SYSTEM**

All full-time employees of AUTHORITY participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. OPERS provide basic retirement, disability and survivor benefits, based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. OPERS issue a publicly available financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or (800) 222-PERS.

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003
(CONTINUED)

NOTE 6: DEFINED BENEFIT PENSION PLANS -PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The 2003 employer pension contribution rate for Authority was 13.55 percent. Contributions are authorized by state statute. The contribution rates are determined actuarially. The Authority required contributions to PERS for the years ended June 30, 2003, 2002, and 2001 were \$95,342, \$59,677, and \$46,094, respectively. Ninety-One percent has been contributed for 2003. All required contributions for the two previous years have been paid.

NOTE 7: POSTEMPLOYMENT BENEFITS PUBLIC EMPLOYEES RETIREMENT SYSTEM

The Public Employees Retirement System of Ohio (OPERS) provides post-employment health care benefits 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. The health care coverage provided by the OPERS is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the OPERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund post-employment health care through their contributions to the OPERS. The portion of the 2002 employer contribution rate (identified above) that was used to fund health care for the year ended June 30, 2003 was 5.0 percent of covered payroll, which amounted to \$35,182. The significant actuarial assumptions and calculations relating to post-employment health care benefits were based on the OPERS' latest actuarial review performed as of December 31, 2001. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25 percent of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2001 was 8.0 percent. An annual increase of 4.0 percent compounded annually is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0 percent base increase, were assumed to range from 0.51 percent to 6.3 percent. Health care costs were assumed to increase 4.0 percent annually.

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 402,041. The actuarial value of the OPERS' net assets available for OPEB at December 31, 2001 was \$11.6 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$16.4 billion and \$4.8 billion, respectively.

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003
(CONTINUED)

NOTE 8: LONG TERM DEBT

Promissory Note Payable

Columbiana Metropolitan Housing Authority has an outstanding note payable with Potters Bank for \$69,961 as of June 30, 2003. The original note was for \$85,000 dated August 2, 2001 to be used for renovation of a building owned by the PHA and leased to the Community Action Agency of Columbiana County. The note contains an interest rate of 7% fixed through March 3, 2002 at which time a Certificate of Deposit securing the note matures. Interest thereafter is calculated at the then current Certificate of Deposit rate plus 2%. A monthly principal payment of \$472.22 plus the current interest rate is due monthly starting on September 2, 2001 through the maturity date of August 2, 2016.

The following is a summary of changes in long-term debt for the year ended June 30, 2003:

DESCRIPTION	BALANCE			BALANCE 06/30/03	DUE WITHIN ONE YEAR
	06/30/02	ISSUED	RETIRED		
Promissory Note	\$79,856	\$-0-	\$9,895	\$69,961	\$5,666
TOTAL DEBT	\$79,856	\$-0-	\$9,895	\$69,961	\$5,666

NOTE 9: NOTE RECEIVABLE

The Authority has entered into a Note/Lease Agreement with the Community Action Agency of Columbiana County for a lease of a building located at 1736 Commerce Street, Wellsville, Ohio. The term of the lease is 15 years commencing September 20, 2001 and ending on September 19, 2016.

During the primary term of the lease, the total rent payment is \$23,820, payable in equal installments of \$1,985 monthly. The rent payment for this building is used to repay to promissory note with Potters Bank. The lease agreement stated a clause that if the Tenant terminates the lease, the Tenant is then responsible for the remaining promissory note balance of Potters Bank. Because of this, a note receivable is recorded in the financial statements for the outstanding balance of the promissory note payable. At June 30, 2003 the outstanding note receivable is as follows:

Current Portion of Note Receivable	\$5,666
Note Receivable – Non-Current	65,241
Total Note Receivable	<u>\$79,907</u>

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003
(CONTINUED)

NOTE 9: NOTE RECEIVABLE (Continued)

The difference between note payable (Note 9) of \$69,961 and (Note 10) receivable of \$70,907 is timing when the payment is received.

NOTE 10: SCHEDULE OF EXPENDITURE OF FEDERAL AWARD

The accompanying schedule of expenditure of federal award is a summary of the activity of the Authority's federal programs. This schedule has been prepared on the accrual basis of accounting.

Columbiana Metropolitan Housing Authority

Combining Balance Sheet

FDS Schedule Submitted To REAC

Proprietary Fund Type – Enterprise Fund

June 30, 2003

Line Item No.	Account Description	Shelter Plus Care	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Public Housing_Co mprehensive Grant Program	Housing Choice Vouchers	Public Housing Capital Fund Program	Other Federal Grants	Total
111	Cash - Unrestricted	\$0	\$681,834	\$0	\$0	\$71,471	\$0	\$0	\$753,305
113	Cash - Other Restricted	0	0	0	0	130,000	0	0	130,000
100	Total Cash	0	681,834	0	0	201,471	0	0	883,305
122	Accounts Receivable - HUD Other Projects	0	0	0	0	5,600	0	0	5,600
124	Accounts Receivable - Other Government	0	0	0	0	2,438	0	0	2,438
125	Accounts Receivable - Miscellaneous	0	94,164	0	0	0	0	0	94,164
126	Accounts Receivable - Tenants - Dwelling Rents	0	18,805	0	0	0	0	0	18,805
126.1	Allowance for Doubtful Accounts - Dwelling Rents	0	(16,925)	0	0	0	0	0	(16,925)
126.2	Allowance for Doubtful Accounts - Other	0	0	0	0	0	0	0	0
127	Notes, Loans, & Mortgages Receivable - Current	0	5,666	0	0	0	0	0	5,666
129	Accrued Interest Receivable	0	4,571	0	0	17	0	0	4,588
120	Total Receivables, net of allowances for doubtful accounts	0	106,281	0	0	8,055	0	0	114,336
142	Prepaid Expenses and Other Assets	0	51,487	0	0	201	0	0	51,688
143	Inventories	0	13,807	0	0	0	0	0	13,807
143.1	Allowance for Obsolete Inventories	0	0	0	0	0	0	0	0
150	Total Current Assets	0	853,409	0	0	209,727	0	0	1,063,136
161	Land	0	1,027,540	0	0	0	0	0	1,027,540
162	Buildings	0	17,831,029	0	0	0	1,244,198	0	19,075,227
163	Furniture, Equipment & Machinery - Dwellings	0	358,582	0	0	0	14,032	0	372,614
164	Furniture, Equipment & Machinery - Administration	0	410,373	0	0	122,806	75,210	0	608,389

Columbiana Metropolitan Housing Authority
Combining Balance Sheet
FDS Schedule Submitted To REAC
Proprietary Fund Type – Enterprise Fund
June 30, 2003

Line Item No.	Account Description	Shelter Plus Care	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Public Housing_Co mprehensive Grant Program	Housing Choice Vouchers	Public Housing Capital Fund Program	Other Federal Grants	Total
165	Leasehold Improvements	0	2,079,521	0	0	0	108,887	0	2,188,408
166	Accumulated Depreciation	0	(13,774,894)	0	0	(54,543)	(110,752)	0	(13,940,189)
167	Construction In Progress	0	0	0	0	0	489,165	0	489,165
160	Total Fixed Assets, Net of Accumulated Depreciation	0	7,932,151	0	0	68,263	1,820,740	0	9,821,154
171	Notes, Loans, & Mortgages Receivable - Non Current	0	65,241	0	0	0	0	0	65,241
180	Total Non-Current Assets	0	7,997,392	0	0	68,263	1,820,740	0	9,886,395
190	Total Assets	\$0	\$8,850,801	\$0	\$0	\$277,990	\$1,820,740	\$0	\$10,949,531
312	Accounts Payable <= 90 Days	\$0	\$56,976	\$0	\$0	\$58,908	\$0	\$0	\$115,884
321	Accrued Wage/Payroll Taxes Payable	0	5,265	0	0	0	0	0	5,265
322	Accrued Compensated Absences - Current Portion	0	11,389	0	0	234	0	0	11,623
333	Accounts Payable - Other Government	0	53,210	0	0	0	0	0	53,210
341	Tenant Security Deposits	0	35,662	0	0	0	0	0	35,662
342	Deferred Revenues	0	1,315	0	0	0	310	0	1,625
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	0	5,666	0	0	0	0	0	5,666
310	Total Current Liabilities	0	169,483	0	0	59,142	310	0	228,935
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	0	64,295	0	0	0	0	0	64,295
354	Accrued Compensated Absences - Non Current	0	34,167	0	0	10,957	0	0	45,124
350	Total Noncurrent Liabilities	0	98,462	0	0	10,957	0	0	109,419

Columbiana Metropolitan Housing Authority
 Combing Statement of Revenue, Expenses, and Change in Equity
 FDS Schedule Submitted to REAC
 Proprietary Fund Type – Enterprise Fund
 June 30, 2003

Line Item No.	Account Description	Shelter Plus Care	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Public Housing Comprehensive Grant Program	Housing Choice Vouchers	Public Housing Capital Fund Program	Other Federal Grants	Total
REVENUE:									
703	Net Tenant Rental Revenue	\$0	\$604,911	\$0	\$0	\$0	\$0	0	\$604,911
704	Tenant Revenue - Other	0	22,453	0	0	0	0	0	22,453
705	Total Tenant Revenue	0	627,364	0	0	0	0	0	627,364
706	HUD PHA Operating Grants	35,553	1,049,657	71,362	0	1,985,744	155,108	0	3,297,424
706.1	Capital Grants	0	0	0	0	0	819,577	0	819,577
708	Other Government Grants	0	0	0	0	0	0	98,346	98,346
711	Investment Income - Unrestricted	0	18,450	0	0	1,790	0	0	20,240
715	Other Revenue	0	18,158	0	0	5,694	0	0	23,852
716	Gain/Loss on Sale of Fixed Assets	0	904	0	0	0	0	0	904
700	Total Revenue	35,553	1,714,533	71,362	0	1,993,228	974,685	98,346	4,887,707
EXPENSES:									
911	Administrative Salaries	0	177,417	13,694	0	121,881	66,682	63,318	442,992
912	Auditing Fees	0	4,095	0	0	4,095	2,000	0	10,190
915	Employee Benefit Contributions - Administrative	0	117,507	5,457	0	53,673	34,250	0	210,887
916	Other Operating - Administrative	0	128,239	2,817	0	57,057	52,176	4,868	245,157
921	Tenant Services - Salaries	0	12,827	0	0	0	0	0	12,827
924	Tenant Services - Other	0	18,113	0	0	0	0	0	18,113
931	Water	0	155,636	0	0	0	0	0	155,636

Columbiana Metropolitan Housing Authority
 Combing Statement of Revenue, Expenses, and Change in Equity
 FDS Schedule Submitted to REAC
 Proprietary Fund Type – Enterprise Fund
 June 30, 2003

Line Item No.	Account Description	Shelter Plus Care	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Public Housing_Co mprehensive Grant Program	Housing Choice Vouchers	Public Housing Capital Fund Program	Other Federal Grants	Total
932	Electricity	0	118,817	0	0	0	0	0	118,817
933	Gas	0	100,029	0	0	0	0	0	100,029
941	Ordinary Maintenance and Operations - Labor	0	260,642	0	0	0	0	0	260,642
942	Ordinary Maintenance and Operations - Materials and Other	0	92,839	0	0	0	0	0	92,839
943	Ordinary Maintenance and Operations - Contract Costs	0	80,234	0	0	4,004	0	0	84,238
945	Employee Benefit Contributions - Ordinary Maintenance	0	127,149	0	0	0	0	0	127,149
952	Protective Services - Other Contract Costs	0	75,954	49,394	0	0	0	0	125,348
955	Employee Benefit Contributions - Protective Services	0	0	0	0	0	0	0	0
961	Insurance Premiums	0	56,804	0	0	214	0	0	57,018
962	Other General Expenses	0	2,110	0	0	215	0	0	2,325
963	Payments in Lieu of Taxes	0	29,848	0	0	0	0	0	29,848
964	Bad Debt - Tenant Rents	0	21,824	0	0	0	0	0	21,824
967	Interest Expense	0	6,850	0	0	0	0	0	6,850
969	Total Operating Expenses	0	1,586,934	71,362	0	241,139	155,108	68,186	2,122,729
970	Excess Operating Revenue over Operating Expenses	35,553	127,599	0	0	1,752,089	819,577	30,160	2,764,978
								0	
973	Housing Assistance Payments	35,553	0	0	0	1,725,891	0	0	1,761,444
974	Depreciation Expense	0	573,417	0	0	10,956	77,693	0	662,066
900	Total Expenses	35,553	2,160,351	71,362	0	1,977,986	232,801	68,186	4,546,239
1001	Operating Transfers In	0	30,160	0	0	0	0	0	30,160
1002	Operating Transfers Out	0	0	0	0	0	0	(30,160)	(30,160)
1010	Total Other Financing Sources (Uses)	0	30,160	0	0	0	0	(30,160)	0

Columbiana Metropolitan Housing Authority
 Combing Statement of Revenue, Expenses, and Change in Equity
 FDS Schedule Submitted to REAC
 Proprietary Fund Type – Enterprise Fund
 June 30, 2003

Line Item No.	Account Description	Shelter Plus Care	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Public Housing_Co mprehensive Grant Program	Housing Choice Vouchers	Public Housing Capital Fund Program	Other Federal Grants	Total
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	0	(415,658)	0	0	15,242	741,884	0	341,468
1103	Beginning Equity	1,990	8,406,965	0	591,549	190,659	1,078,546	0	10,269,709
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	(1,990)	591,549	0	(591,549)	1,990	0	0	0
	Ending Equity	\$0	\$8,582,856	\$0	\$0	\$207,891	\$1,820,430	\$0	\$10,611,177
1101	Capital Outlays Enterprise Fund	\$0	\$0	\$0	\$0	\$0	\$0	0	0
1102	Debt Principal Payments - Enterprise Funds	\$0	\$9,895	\$0	\$0	\$0	\$0	0	9,895
1113	Maximum Annual Contributions Commitment (Per ACC)	\$0	\$0	\$0	\$0	\$1,988,492	\$0	0	1,988,492
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	0	0	0	0	0	0	0	0
1115	Contingency Reserve, ACC Program Reserve	0	0	0	0	0	0	0	0
1116	Total Annual Contributions Available	\$0	\$0	\$0	\$0	\$1,988,492	\$0	0	1,988,492
1120	Unit Months Available	120	5,808	0	0	5,844	0	0	11,772
1121	Number of Unit Months Leased	113	5,507	0	0	5,844	0	0	11,464

Columbiana Metropolitan Housing Authority
Schedule of Expenditures of Federal Award
For the Year Ended June 30, 2003

FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES	CFDA NUMBER	EXPENDITURES
U.S. Department of Housing and Urban Development Direct Program		
Shelter Plus Care	14.238	\$35,553
Low Rent Public Housing	14.850a	1,049,657
Drug Elimination Grant	14.854	71,362
Housing Choice Vouchers	14.871	1,985,744
Public Housing Capital Fund Program	14.872	974,685
Total U.S. Department of Housing and Urban Development		<u>4,117,001</u>
U.S. Department of Health and Human Services: Pass-Through Program From:		
Temporary Assistance for Needy Families Columbiana County Department of JFS	93.558	<u>98,346</u>
Total U.S. Department of Health and Human Services		<u>98,346</u>
Total Expenditure of Federal Award		<u>\$4,215,347</u>

6548 Royalton Road, Suite 104
North Royalton, Ohio 44133
Phone: (440) 877-9870
Fax: (440) 877-9870

SALVATORE CONSIGLIO, CPA, INC.

E-mail: sconsiglio@aol.com

**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 Directors Columbiana Metropolitan Housing Authority	Regional Inspector General of Audit Department of Housing and Urban Development
---	---

I have audited the general purpose financial statements of the Columbiana Metropolitan Housing Authority, Ohio, as of and for the year ended June 30, 2003, and have issued my report thereon dated October 5, 2003. I conducted my audit in accordance with auditing standards generally accepted in the United State 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 Columbiana Metropolitan Housing Authority, Ohio's general purpose financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my 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 my audit, I considered Columbiana Metropolitan Housing Authority, Ohio's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My 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 component does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation the

financial statements being auditing may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

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

A handwritten signature in black ink that reads "Salvatore Consiglio". The signature is written in a cursive style and is positioned above a horizontal line.

Salvatore Consiglio, CPA, Inc.

October 5, 2003

6548 Royalton Road, Suite 104
North Royalton, Ohio 44133
Phone: (440) 877-9870
Fax: (440) 877-9237

SALVATORE CONSIGLIO, CPA, INC.

E-mail: sconsiglio@aol.com

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

Board of Directors
Columbiana Metropolitan Housing Authority

Regional Inspector General of Audit
Department of Housing and Urban
Development

Compliance

I have audited the compliance of the Columbiana Metropolitan Housing Authority, 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 June 30, 2003. Columbiana Metropolitan Housing Authority, Ohio major federal programs are identified in the Summary of Auditor's result 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 Columbiana Metropolitan Housing Authority, Ohio's management. My responsibility is to express an opinion on Columbiana Metropolitan Housing Authority, Ohio's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I 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 Columbiana Metropolitan Housing Authority, Ohio's compliance with those requirements and performing such other procedures, as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Columbiana Metropolitan Housing Authority, Ohio's compliance with those requirements.

In my opinion, Columbiana Metropolitan Housing Authority, Ohio, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

Internal Control Over Compliance

The management of Columbiana Metropolitan Housing Authority, Ohio 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 my audit, I considered Columbiana Metropolitan Housing Authority, Ohio's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My 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. I noted no matters involving the Internal control over compliance and its operation that I considered to be material weaknesses.

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



Salvatore Consiglio, CPA, Inc.

October 5, 2003

Columbiana Metropolitan Housing Authority
 Schedule of Findings and Questioned Costs
 OMB Circular A-133 § .505
 June 30, 2003

1. SUMMARY OF AUDITOR'S RESULTS
--

Type of Financial Statement Opinion	Unqualified
Was there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
Were there any other reportable 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
Was 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 # 14.850a, 14.871, 14.872 - Low Rent Public Housing, Housing Choice Voucher & Capital Fund
Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All Others
Low Risk Auditee?	Yes

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
--

There were no Findings or questioned costs for the year ended June 30, 2003.

3. FINDINGS REALTED TO FEDERAL AWARDS
--

There were no Findings or questioned costs for the year ended June 30, 2003.

Columbiana Metropolitan Housing Authority
Schedule of Prior Audit Findings
June 30, 2003

The audit report for the fiscal year ending June 30, 2002 contained no audit findings.

This Page is Intentionally Left Blank.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

COLUMBIANA METROPOLITAN HOUSING AUTHORITY

COLUMBIANA COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 18, 2004**