

**GALLIA METROPOLITAN HOUSING AUTHORITY
BIDWELL, 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



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Commissioners
Gallia Metropolitan Housing Authority
381 Buck Ridge Road
Bidwell, Ohio 45614

We have reviewed the Independent Auditor's Report of the Gallia Metropolitan Housing Authority, Gallia 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 Gallia 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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GALLIA METROPOLITAN HOUSING AUTHORITY
BIDWELL, OHIO

FOR THE YEAR ENDED DECEMBER 31, 2001

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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

Board of Commissioners
Gallia Metropolitan Housing Authority
Bidwell, Ohio

We have audited the accompanying balance sheet of the Gallia Metropolitan Housing Authority, Bidwell, 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.

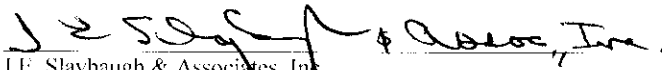
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and 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 Gallia 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 29, 2002, on our consideration of Gallia 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 Gallia 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 29, 2002

GALLIA METROPOLITAN HOUSING AUTHORITY
 BIDWELL, OHIO
 BALANCE SHEET
 FOR THE YEAR ENDED DECEMBER 31, 2001

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 520,639
Investments-Unrestricted	515,274
Tenant Accounts Receivable	490
Prepaid Expenses	23,467
Inventory	35,692
Interprogram-due from	<u>863</u>
 Total Current Assets	 1,096,425
 Property and Equipment - Net of \$ 4,237,508 Accumulated Depreciation	 <u>6,861,780</u>
 Total Assets	 <u>\$ 7,958,205</u>

LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable	\$ 13,043
Accounts Payable- Governments	42,126
Tenant Security Deposits	15,742
Accrued Wages and Payroll Taxes	11,686
Accrued Compensated Absences- Current	9,040
Deferred Revenues	156,125
Interprogram due to	<u>863</u>
 Total Current Liabilities	 <u>248,625</u>

Noncurrent Liabilities

Accrued Compensated Absences-Noncurrent	99,456
Noncurrent Liabilities-Other	<u>125,000</u>
 Total Noncurrent Liabilities	 <u>224,456</u>

Total Liabilities	<u>473,081</u>
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Equity

Contributed Capital	6,986,780
Retained Earnings	<u>498,344</u>
 Total Equity	 <u>7,485,124</u>

Total Liabilities and Equity	<u>\$ 7,958,205</u>
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The accompanying notes are an integral part of these financial statements.

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

<u>Revenue</u>	
HUD Grants	\$ 1,032,627
Capital Grants	650,061
Rental Income	68,300
Investment Income-Unrestricted	36,162
Other Revenue	<u>25,683</u>
 Total Revenue	 1,812,833
<u>Expenses (before depreciation)</u>	
Housing Assistance Payments	436,778
Administrative Salaries	191,920
Compensated Absences	11,673
Employee Benefits	106,991
Other Administrative Expense	86,867
Tenant Services-Other	1,699
Material and Labor-Maintenance	153,655
Contract Services	27,779
Utilities	119,059
General Expenses	46,778
Bad Debt- Tenant Rents	<u>5,555</u>
 Total Expenses	 1,188,754
 Income (Loss) before Depreciation & Other Costs	 624,079
Depreciation	428,096
Proceeds from Sale of Assets	<u>13,232</u>
 Operating Income	 209,215
 Retained Earnings - Beginning of Year	 (753,489)
Equity adjustments - See Note 9	<u>1,042,618</u>
 Retained Earnings - End of Year	 <u>498,344</u>
 Contributed Capital - Beginning of Year	 8,029,398
Equity adjustments - See Note 9	<u>(1,042,618)</u>
 Contributed Capital - End of Year	 <u>6,986,780</u>
 Total Equity - End of Year	 <u>\$ 7,485,124</u>

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

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

Cash Flows from Operating Activities

Operating Income	\$ 209,215
Adjustments to reconcile Operating Income to Net Cash Provided By Operating Activities:	
Depreciation	428,096
Changes in Operating Assets and Liabilities that Increase (Decrease) Cash Flows:	
Tenant Accounts Receivable- Net	3,949
Accounts Receivable- HUD	15,537
Prepaid Expenses	(3,688)
Inventory	(4,796)
Interprogram Due From	33,175
Accounts Payable- Vendor	2,257
Accounts Payable-HUD	(25,190)
Interprogram Due To	(33,175)
Accrued Wages & Taxes Payable	470
Accrued Compensated Absences	11,673
Tenant Security Deposits	(92)
Deferred Revenues	(29,639)
Other current liabilities	(65,211)
Noncurrent liabilities-other	<u>125,000</u>
Total Adjustments	<u>458,366</u>
Net Cash (Used) Provided By Operating Activities	<u>667,581</u>

Cash Flows from Investing Activities

Change in Investments	<u>448,195</u>
Net Cash (Used) Provided By Investing Activities	<u>448,195</u>

Cash Flows from Capital and Related Financing Activities

Change in Property and Equipment	<u>(637,120)</u>
Net Cash (Used) Provided by Capital Financing Activities	<u>(637,120)</u>
Increase (Decrease) In Cash and Cash Equivalents	478,656
Cash and Cash Equivalents - Beginning of Year	<u>41,983</u>
Cash and Cash Equivalents - End of Year	<u>\$ 520,639</u>

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

GALLIA METROPOLITAN HOUSING AUTHORITY
BIDWELL, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Gallia Metropolitan Housing Authority (GMHA 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 Gallia Metropolitan Housing Authority and the U.S. Department of Housing and Urban Development (HUD), under the provisions of the United States Housing Act of 1937 (42 U.S.C. 1437) Section 1.1. The Authority was also created in accordance with state law to eliminate housing conditions which are detrimental to the public peace, health, safety, morals, or welfare by purchasing, acquiring, constructing, maintaining, operating, improving, extending, and repairing housing facilities.

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 is the "primary government." A fundamental characteristic of a primary government is that it is fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability is the ability of the primary government to impose its will upon the potential component unit.

These criteria were considered in determining the reporting entity.

Basis of Accounting

The accompanying combined financial statements have been prepared on the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred.

All transactions are accounted for in a single enterprise fund.

Pursuant to GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, the Authority follows GASB guidance as applicable to proprietary funds and Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

Use of Estimates

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

Cash and Cash Equivalents

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

GALLIA METROPOLITAN HOUSING AUTHORITY
BIDWELL, 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

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.

GALLIA METROPOLITAN HOUSING AUTHORITY
 BIDWELL, 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 . . . \$ 486,464 was covered by federal depository insurance.
- Category 2 . . . \$ 575,983 was covered by specific collateral pledged by the financial institution in the name of the Authority.

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

	Cash	Investments	Total
Low Rent Public Housing	\$ 509,720	\$ 512,325	\$ 1,022,045
Section 8 Housing Vouchers	10,919	2,949	13,868
Total	<u>\$ 520,639</u>	<u>\$ 515,274</u>	<u>\$ 1,035,913</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 funds, 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

GALLIA METROPOLITAN HOUSING AUTHORITY
 BIDWELL, OHIO
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2001

NOTE 2 - CASH AND INVESTMENTS, continued

matched to a specific obligation or debt of the Authority, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of 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	\$ 804,057
Buildings and Building Improvements	10,067,084
Furniture, Equipment- Dwelling	27,236
Furniture, Equipment- Administrative	<u>200,911</u>
 Total	 11,099,288
 Less Accumulated Depreciation	 <u>(4,237,508)</u>
 Net Property and Equipment	 <u>\$6,861,780</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:

Vouchers
 Units per month x \$ 39.25/unit

GALLIA METROPOLITAN HOUSING AUTHORITY
 BIDWELL, 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	\$ 37,151	13.55%
12/31/00	\$ 29,142	13.55%
12/31/99	\$ 31,501	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 retirees 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.

GALLIA METROPOLITAN HOUSING AUTHORITY
 BIDWELL, 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 3.69 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. Maximum accumulated vacation time earned is two years, with carryover limited to one year earned.

At December 31, 2001, using the vesting method of accrual, \$ 108,496 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 several such matters. While the outcome of the above matters cannot presently be determined, management believes that their ultimate resolution will not have a material effect on the financial statements.

Class Action Lawsuit

The Authority is involved in a class action lawsuit, filed by Equal Justice, on behalf of the tenants, involving utility allowances calculated by the Authority. The Authority has reserved \$ 125,000 for reimbursement to the tenants, in accordance with instructions by the U.S. District Court.

NOTE 9 - RECLASSIFICATIONS AND ADJUSTMENTS

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

Accrual of Compensated Absences- long term portion classified to long term liability.

Equity Adjustments	Cont Capital	Ret Earnings	Total
Beginning Balance 12/31/00	\$ 8,029,398	\$ (753,489)	\$7,275,909
Certificate conversion to Vouchers	(217,091)	217,091	-
Reclass Net Assets to equal CC	(825,527)	825,527	-
Current Operating Income	-	209,215	209,215
Ending Balance at 12/31/01	<u>\$ 6,986,780</u>	<u>\$ 498,344</u>	<u>\$7,485,124</u>

GALLIA METROPOLITAN HOUSING AUTHORITY
 BIDWELL, 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 Housing Program	14.850	\$ <u>511,427</u>
Public Housing- Comprehensive Improvement Assistance Program	14.852 *	<u>163,585</u>
Capital Fund Program	14.872	<u>486,476</u>
 Section 8 Tenant Based :		
Section 8 Housing Choice Voucher Program	14.871	<u>521,200</u>
 Total Federal Assistance		 \$ <u>1,682,688</u>

* The Authority received federal funds under this grant program's CFDA# and per REAC instructions must be included in the Schedule of Federal Awards.

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

See Independent Auditors' Report

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

ASSETS	Low Rent Public Housing Program <u>14.850</u>	Comprehensive Improvement Assistance Program <u>14.862</u>	Housing Choice Vouchers Program <u>14.871</u>	Capital Fund Program <u>14.872</u>	<u>TOTAL</u>
Current Assets					
Cash-unrestricted	\$ 164,597				\$ 164,597
Cash-restricted	204,646		10,919		215,565
Cash-other restricted	125,000				125,000
Cash-tenant security deposits	<u>15,477</u>				<u>15,477</u>
Total cash	<u>509,720</u>	-	<u>10,919</u>	-	<u>520,639</u>
Accounts and notes receivables					
Accounts receivable-tenants-dwelling rent	<u>490</u>				<u>490</u>
Total receivables, net of allowances for uncollectibles	<u>490</u>	-	-	-	<u>490</u>
Current Investments					
Investments-Unrestricted	512,325		2,949		515,274
Prepaid expenses and other assets	20,056		3,411		23,467
Inventories	35,692				35,692
Interprogram-due from	<u>-</u>	<u>-</u>	<u>863</u>	<u>-</u>	<u>863</u>
Total investments	<u>568,073</u>	<u>-</u>	<u>7,223</u>	<u>-</u>	<u>575,296</u>
Total current assets	<u>1,078,283</u>	<u>-</u>	<u>18,142</u>	<u>-</u>	<u>1,096,425</u>
Noncurrent assets					
Land	804,057				804,057
Buildings	9,429,964	162,644		474,476	10,067,084
Furniture, equipment and machinery-dwelling	27,236				27,236
Furniture, equipment and machinery-admin.	200,911				200,911
Accumulated depreciation	<u>(4,195,033)</u>	<u>(10,842)</u>		<u>(31,633)</u>	<u>(4,237,508)</u>
Total fixed assets, net of accum. depreciation	<u>6,267,135</u>	<u>151,802</u>	<u>-</u>	<u>442,843</u>	<u>6,861,780</u>
Total non-current assets	<u>6,267,135</u>	<u>151,802</u>	<u>-</u>	<u>442,843</u>	<u>6,861,780</u>
Total assets	<u>\$ 7,345,418</u>	<u>\$ 151,802</u>	<u>\$ 18,142</u>	<u>\$ 442,843</u>	<u>\$ 7,958,205</u>

See Independent Auditors' Report

GALLIA METROPOLITAN HOUSING AUTHORITY

Supplemental Financial Data Schedule

Balance Sheet, continued

As of December 31, 2001

	Low Rent Public Housing Program <u>14,850</u>	Comprehensive Improvement Assistance Program <u>14,852</u>	Housing Choice Vouchers Program <u>14,871</u>	Capital Fund Program <u>14,872</u>	<u>TOTAL</u>
LIABILITIES AND EQUITY					
Current liabilities					
Accounts payable < 90 days	\$ 9,433		\$ 806		\$ 10,239
Accounts payable > 90 days	2,804				2,804
Accrued wages/payroll taxes payable	10,639		1,047		11,686
Accrued vacation pay	9,040				9,040
Accounts payable-HUD PHA Program			42,126		42,126
Tenant Security Deposits	15,742				15,742
Deferred Revenues	156,125				156,125
Interprogram due to	863			-	863
Total current liabilities	<u>204,646</u>	<u>-</u>	<u>43,979</u>	<u>-</u>	<u>248,625</u>
Non-current liabilities					
Accrued Compensated Absences-Non Current	83,556		15,900		99,456
Non-current liabilities-other	125,000				125,000
Total non-current liabilities	<u>208,556</u>	<u>-</u>	<u>15,900</u>	<u>-</u>	<u>224,456</u>
Total Liabilities	<u>413,202</u>	<u>-</u>	<u>59,879</u>	<u>-</u>	<u>473,081</u>
Equity					
Net HUD PHA contributions	6,392,135	151,802		442,843	6,986,780
Undesignated fund balance/retained earnings	540,081		(41,737)		498,344
Total equity	<u>6,932,216</u>	<u>151,802</u>	<u>(41,737)</u>	<u>442,843</u>	<u>7,485,124</u>
Total liabilities & equity	<u>\$ 7,345,418</u>	<u>\$ 151,802</u>	<u>\$ 18,142</u>	<u>\$ 442,843</u>	<u>\$ 7,958,205</u>

See Independent Auditors' Report

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

	Low Rent Public Housing Program	Comprehensive Improvement Assistance Program	Capital Fund Program	Housing Choice Voucher Program	Total
	14,850	14,852	14,872	14,871	
REVENUE					
HUD Grants	\$ 511,427			\$ 521,200	\$ 1,032,627
Capital Grants		\$ 163,585	\$ 486,476		650,061
Rental Income	68,300				68,300
Investment Income-Unrestricted	35,761			401	36,162
Other Revenue	<u>25,683</u>				<u>25,683</u>
Total Revenue	641,171	163,585	486,476	521,601	1,812,833
EXPENSES					
Housing Assistance Payments				436,778	436,778
Administrative Salaries	139,918			52,002	191,920
Compensated Absences	7,753			3,920	11,673
Employee Benefits	88,616			18,375	106,991
Other Administrative Expense	50,747	941	12,000	23,179	86,867
Tenant Services-Other	1,699				1,699
Material and Labor-Maintenance	153,655				153,655
Contract Services	27,779				27,779
Utilities	119,059				119,059
General Expenses	43,599			3,179	46,778
Bad Debt- Tenant Rents	<u>5,555</u>				<u>5,555</u>
Total Expenses	<u>638,380</u>	<u>941</u>	<u>12,000</u>	<u>537,433</u>	<u>1,188,754</u>
Income (Loss) before Depreciation & Other Costs	2,791	162,644	474,476	(15,832)	624,079
Depreciation	<u>385,621</u>	<u>10,842</u>	<u>31,633</u>	-	<u>428,096</u>
Operating Income (Loss)	<u>\$ (382,830)</u>	<u>\$ 151,802</u>	<u>\$ 442,843</u>	<u>\$ (15,832)</u>	<u>\$ 195,983</u>

See Independent Auditors' Report

GALLIA METROPOLITAN HOUSING AUTHORITY
BIDWELL, OHIO
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2001

The PHA had 320 units under management.

<u>Management</u>	<u>Units</u>
Low Rent Public Housing Program	136
Section 8 Housing Vouchers Program	<u>184</u>
TOTAL	<u><u>320</u></u>

REPORT ON PRIOR YEAR AUDIT FINDINGS

THERE WERE NO PRIOR YEAR AUDIT FINDINGS

See Independent Auditors' Report

GALLIA METROPOLITAN HOUSING AUTHORITY
 BIDWELL, OHIO

ACTUAL MODERNIZATION, CAPITAL FUND COST CERTIFICATION

At December 31, 2001

1. The Actual Modernization/Capital Fund Grant Costs are as follows:

	Project <u>OH16P-909</u>	Project <u>OH16P-501</u>
Funds Approved	\$ 186,850	\$ 273,844
Funds Expended	<u>186,850</u>	<u>273,844</u>
Excess (Deficiency) of Funds Approved	<u>\$ -</u>	<u>\$ -</u>
Funds Advanced	\$ 186,850	\$ 273,844
Funds Expended	<u>186,850</u>	<u>273,844</u>
Excess (Deficiency) of Funds Advanced	<u>\$ -</u>	<u>\$ -</u>
Date Submitted:	8/13/01	10/15/01

2. The Distribution of Costs as shown on the Schedule/Report of Modernization/Capital Fund Grant expenditures submitted to HUD for approval are in agreement with the Authority's records.

3. All Modernization/Capital Fund 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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*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
Gallia Metropolitan Housing Authority
Bidwell, Ohio

We have audited the financial statements of Gallia Metropolitan Housing Authority, Bidwell, Ohio, as of and for the year ended December 31, 2001, and have issued our report thereon dated May 29, 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 Gallia 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 Gallia 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 & Assoc, Inc.
J.E. Slaybaugh & Associates, Inc.
May 29, 2002

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*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
Gallia Metropolitan Housing Authority
Bidwell, Ohio

Compliance

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

In our opinion, Gallia 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 Gallia 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 29, 2002

GALLIA METROPOLITAN HOUSING AUTHORITY
BIDWELL, 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 Gallia 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 Gallia Metropolitan Housing Authority.
6. The audit disclosed no audit findings.
7. The major programs are:
 - Low Rent Public Housing Program
 - Section 8 Housing Choice Voucher Program
 - Capital Fund Program
8. The dollar threshold used to distinguish between Type A and Type B programs was \$ 300,000.
9. The auditor determined that Gallia 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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GALLIA METROPOLITAN HOUSING AUTHORITY

GALLIA 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
JUNE 27, 2002**