

BASIC FINANCIAL STATEMENTS
of the
Crawford Metropolitan Housing Authority
March 31, 2003



**Auditor of State
Betty Montgomery**

Board of Directors
Crawford Metropolitan Housing Authority
P.O. Box 1029
Mansfield, OH 44901-0000

We have reviewed the Independent Auditor's Report of the Crawford Metropolitan Housing Authority, Crawford County, prepared by Wilson, Shannon & Snow, Inc., for the audit period April 1, 2002 through March 31, 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 Crawford Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

August 19, 2003

This Page is Intentionally Left Blank.

CRAWFORD METROPOLITAN HOUSING AUTHORITY
TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS:	
STATEMENT OF NET ASSETS	10
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET FUND ASSETS	11
STATEMENT OF CASH FLOWS	12
NOTES TO THE BASIC FINANCIAL STATEMENTS	13
SUPPLEMENTAL DATA:	
STATEMENT OF NET ASSETS – FDS SCHEDULE SUBMITTED TO HUD	19
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS – FDS SCHEDULE SUBMITTED TO HUD	21
SCHEDULE OF FEDERAL AWARDS EXPENDITURES	22
NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES	23
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS	24
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	26
SCHEDULE OF FINDINGS	28

This Page is Intentionally Left Blank.



Board of Directors
Crawford Metropolitan Housing Authority
Galion, Ohio

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying basic financial statements of Crawford Metropolitan Housing Authority, Crawford County, Ohio (the Authority) as of and for the year ended March 31, 2003. 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.

As described in Note 1 to the basic financial statements, the Authority implemented Governmental Accounting Standards Board Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis* and GASB 37, *Basic Financial Statements for State and Local Governments* for the year ended March 31, 2003.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of March 31, 2003 and the results of its operations and the cash flows of its proprietary fund type activities for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 19, 2003 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
Ten West Locust Street
Newark, Ohio 43055
(740) 345-6611
1-800-523-6611
FAX (740) 345-5635

The Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We applied limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion thereon.

Our audit was performed for the purpose of forming an opinion on the basic 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 basic financial statements and, in our opinion, are fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

The accompanying Schedule of Federal Awards Expenditures 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Wilson, Shuman & Snow, Inc.

Newark, Ohio
June 19, 2003

Crawford Metropolitan Housing Authority
Management's Discussion and Analysis
March 31, 2003

The Crawford Metropolitan Housing Authority's (the Authority) management's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position (it's ability to address the next and subsequent fiscal year challenges), and (d) identify individual fund issues or concerns.

This Management Discussion and Analysis is new, and will now be presented at the front of each year's financial statements.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current years activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements (beginning on page 10).

FINANCIAL HIGHLIGHTS

- During FY 2003, the Authority's net assets increased by \$26,339 (or 49.4%). Since the Authority engages only in business-type activities, the increase is all in the category of business-type net assets. Net assets were \$53,318 and \$79,657 at March 31, 2002 and 2003, respectively.

- The revenue increased by \$65,345 (or 5.9%) during 2003, and was \$1,110,206 and \$1,175,551 for the years ended March 31, 2002 and 2003, respectively.

- The total expenses of the Authority increased by \$73,589 (or 6.8%). Total expenses were \$1,075,623 and \$1,149,212 for the years ended March 31, 2002 and 2003, respectively.

**Crawford Metropolitan Housing Authority
Management's Discussion and Analysis
March 31, 2003**

USING THIS ANNUAL REPORT

This is a very different presentation of the Authority's previous financial statements. The following graphic outlining these changes is provided for your review:

<p>MD&A</p> <p>~ Management Discussion and Analysis (new) ~</p>
--

<p>Basic Financial Statements</p> <p>~ Fund Financial Statement (refocused) – pgs 10-11 ~ ~ Notes to Financial Statements (expanded/restructured) – pgs 13-18~</p>

The new and clearly preferable focus is on the Authority and the major individual fund. This perspective allows the user to address relevant questions, broaden a basis for comparison and enhance the Authority's accountability.

Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is now on Major Funds, rather than fund types. The Authority consists of exclusively Enterprise Funds. Enterprise Funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting.

The funds maintained by the Authority are required by the Department of Housing and Urban Development. Others are segregated to enhance accountability and control.

**Crawford Metropolitan Housing Authority
Management's Discussion and Analysis
March 31, 2003**

The Authority's Funds

Business Type Funds

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participant's rent at 30% of adjusted household income.

Business Activities – represents non-HUD resources developed from a variety of activities.

STATEMENT OF NET ASSETS

The following table reflects the condensed Statement of Net Assets compared to prior year. The Authority is engaged only in Business-Type Activities.

	<u>2003</u>	<u>2002</u>
Current and Other Assets	\$ 101,083	\$ 156,334
Capital Assets	<u>2,362</u>	<u>2,371</u>
Total Assets	103,445	158,705
Current and Other Liabilities	23,788	105,387
Long-Term Liabilities	<u>-</u>	<u>-</u>
Total Liabilities	23,788	105,387
Net Assets:		
Invested in Capital Assets, Net of Related Debt	2,362	2,371
Restricted	-	-
Unrestricted	<u>77,295</u>	<u>50,947</u>
Total Net Assets	\$ <u>79,657</u>	\$ <u>53,318</u>

For more detailed information see page 10 for the Statement of Net Assets.

**Crawford Metropolitan Housing Authority
Management's Discussion and Analysis
March 31, 2003**

Major Factors Affecting the Statement of Net Assets

Although current assets were reduced by \$55,251 at March 31, 2003, liabilities were also reduced by \$81,599. Current assets (primarily cash and investments) were used to extinguish liabilities. There were also no HUD Advance funds at the end of 2003 as there was in 2002.

Capital assets did not change significantly, decreasing from \$2,371 to \$2,362. The \$9 decrease may be attributed primarily to a combination of acquisitions (\$1,271), less current year depreciation (\$1,280). For more detail see "Capital Assets and Debt Administration" below.

CHANGE OF UNRESTRICTED NET ASSETS

Unrestricted Net Assets at March 31, 2002	\$ 53,318
Change in Net Assets	<u>26,339</u>
Unrestricted Net Assets at March 31, 2003	\$ <u>77,295</u>

While the result of operations is a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Assets provides a clearer change in financial well-being.

**Crawford Metropolitan Housing Authority
Management's Discussion and Analysis
March 31, 2003**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET FUND ASSETS

The following schedule compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged only in Business-Type Activities.

	<u>2003</u>	<u>2002</u>
Revenues		
HUD PHA Operating Grants	\$1,173,021	\$1,108,008
Investment Income	1,862	1,890
Other Revenues – Fraud Recovery	<u>668</u>	<u>308</u>
Total Revenue	<u>1,175,551</u>	<u>1,110,206</u>
Expenses		
Administrative	120,120	95,200
Maintenance	3,110	1,990
General	2,386	3,132
Housing Assistance Payments	1,022,316	974,409
Depreciation	<u>1,280</u>	<u>892</u>
Total Expenses	<u>1,149,212</u>	<u>1,075,623</u>
Net Increase	\$ <u>26,339</u>	\$ <u>34,583</u>

MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS

HUD PHA Grants increased due to increases in the Fair Market Rents and the addition of 50 Enhanced Vouchers effective January 1, 2003 issued to residents of Bucyrus Estates Property at its foreclosure sale.

Administrative Expenses increased because of the change in personnel. During fiscal year 2002, an employee working 4 days a week retired and in fiscal year 2003 staff was hired at 5 days a week. The increase in staff was needed due to the addition of new units.

Housing Assistance Payments increased due to the leasing of 67 additional unit months, from 3,167 unit months leased in fiscal year 2002 to 3,234 unit months leased in fiscal year 2003. Also, there was an increase in the Payment Standards.

Most other expenses increased moderately due to inflation. Depreciation increased because of the purchase of a computer during fiscal year 2003.

**Crawford Metropolitan Housing Authority
Management's Discussion and Analysis
March 31, 2003**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of March 31, 2003, the Authority had a net investment of \$2,362 in capital assets as reflected in the following schedule, which represents a net decrease.

CAPITAL ASSETS AT YEAR-END (NET OF DEPRECIATION)

	Business-type Activities	
	<u>2003</u>	<u>2002</u>
Equipment – Administrative	\$ 20,668	\$ 19,397
Accumulated Depreciation	(18,306)	(17,026)
Total	\$ <u>2,362</u>	\$ <u>2,371</u>

The following reconciliation summarizes the change in Capital Assets, which is presented in detail on page 18 of the notes.

CHANGE IN CAPITAL ASSETS

	Business Type Activities
Balance at March 31, 2002	\$ 2,371
Additions	1,271
Depreciation	(1,280)
Balance at March 31, 2003	\$ <u>2,362</u>

This year's major additions was the following purchase:

Gateway Computer	\$ <u>1,271</u>
------------------	-----------------

**Crawford Metropolitan Housing Authority
Management's Discussion and Analysis
March 31, 2003**

Debt Outstanding

As of year-end, the Authority has no outstanding debt.

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding from the Department of Housing and Urban Development.
- Local labor supply and demand, which can affect salary and wage rates.
- Local inflationary, recession and employment trends, which can affect resident incomes and therefore the amount of housing assistance.
- Inflationary pressure on utility rates, supplies and other costs.

FINANCIAL CONTACT

The individual to be contacted regarding this report is Marsha K. Inscho, Finance Manager for the Crawford Metropolitan Housing Authority, at (419) 526-1622. Specific requests may be submitted to the Authority at P.O. Box 1029, Mansfield, OH 44901.

Crawford Metropolitan Housing Authority
Statement of Net Assets
March 31, 2003

Assets

Current Assets

Cash and Cash Equivalents	\$	99,102
Accounts Receivable - Fraud Recovery		1,104
Prepaid Items		877
		101,083

Total Current Assets		101,083
----------------------	--	---------

Non-Current Assets

Furniture and Equipment	\$	20,668
Less Accumulated Depreciation		(18,306)
		2,362

Total Non-Current Assets		2,362
--------------------------	--	-------

Total Assets	\$	103,445
---------------------	-----------	----------------

Liabilities

Current Liabilities

Accounts Payable	\$	1,318
Accounts Payable - HUD		13,492
Accrued Wages and Payroll Taxes		533
Accrued Compensated Absences		7,341
		22,684

Total Current Liabilities		22,684
---------------------------	--	--------

Other Noncurrent Liabilities		1,104
------------------------------	--	-------

Total Liabilities	\$	23,788
--------------------------	-----------	---------------

Net Assets

Invested in Capital Assets, Net of Related Debt	\$	2,362
Unrestricted		77,295
		79,657

Total Net Assets	\$	79,657
------------------	-----------	---------------

The notes to the basic financial statements are an integral part of the statements.

Crawford Metropolitan Housing Authority
Statement of Revenues, Expenses and Changes in Net Fund Assets
Year Ended March 31, 2003

Operating Revenues		
HUD Grants		\$ 1,173,021
Other Operating Income		<u>668</u>
Total Operating Revenue		1,173,689
Operating Expenses		
Housing Assistance Payments	\$ 1,022,316	
Administrative Salaries	47,676	
Employee Benefits	19,329	
Other Administrative Expense	53,115	
Material and Labor - Maintenance	3,110	
Depreciation	1,280	
General Expenses	<u>2,386</u>	
Total Operating Expenses		<u>1,149,212</u>
Operating Income		<u>24,477</u>
Nonoperating Revenues		
Interest		<u>1,862</u>
Total Nonoperating Revenue		<u>1,862</u>
Change in Net Assets		26,339
Net Assets at April 1, 2002		<u>53,318</u>
Net Assets at March 31, 2003		<u><u>\$ 79,657</u></u>

The notes to the basic financial statements are an integral part of this statement.

Crawford Metropolitan Housing Authority
Statement of Cash Flows
Year Ended March 31, 2003

Cash flows from operating activities

Cash received from HUD	\$ 1,148,484
Cash received from other sources	1,336
Cash payments to employees for services	(64,064)
Cash payments for good or services - HUD	(1,023,318)
Cash payments for goods or services	<u>(62,117)</u>
Net cash provided by operating activities	321

Cash flows from capital and related financial activities

Acquisition of assets	<u>(1,271)</u>
Net cash used in capital and related financing activities	(1,271)

Cash flows from investing activities

Receipt of interest	<u>1,862</u>
Net cash provided by investing activities	<u>1,862</u>

Net change in cash and cash equivalents	912
Cash and cash equivalents at April 1, 2002	<u>98,190</u>
Cash and cash equivalents at March 31, 2003	<u><u>\$ 99,102</u></u>

Cash flows from operating activities

Operating income	\$ 24,477
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation expense	1,280
Changes in assets and liabilities	
Accounts receivable	56,315
Prepaid expenses	(152)
Accounts payable	10,124
Accrued wages and payroll taxes	(320)
Accrued compensated absences	2,941
Deferred revenues	(93,823)
Other liabilities	<u>(521)</u>
Net cash provided by operating activities	<u><u>\$ 321</u></u>

The notes to the basic financial statements are an integral part of this statement.

Crawford Metropolitan Housing Authority
Notes to the Basic Financial Statements
March 31, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

The basic financial statements of the Crawford Metropolitan Housing Authority (the Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America. 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 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 basic financial statements comply with the provisions of 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.

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.

Crawford Metropolitan Housing Authority
Notes to the Basic Financial Statements - Continued
March 31, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fund Accounting

The Authority uses a proprietary fund to report on its financial position and the results of its operations for the Section 8 housing program. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Proprietary Fund Types:

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

Enterprise Fund – The Authority is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the Authority are included on the statement of net assets. The statement of revenues, expenses and changes in fund net assets presents increases (i.e. revenues) and decreases (i.e. expenses) in total net assets. The statement of cash flows provides information about how the Authority finances and meets cash flow needs.

The Authority accounts for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body 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.

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 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.

Fixed Assets

Fixed assets are stated at cost and depreciation is computed using the straight line method over the 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. The following are the useful lives used for depreciation purposes:

Crawford Metropolitan Housing Authority
Notes to the Basic Financial Statements - Continued
March 31, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fixed Assets - Continued

Furniture – dwelling	7
Furniture – non-dwelling	7
Equipment – dwelling	5
Equipment – non-dwelling	7
Computer hardware	3
Computer software	3

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include all highly liquid investments 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. All employees who meet the termination policy of the Authority for years of service are included in the calculation of the compensated absences 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 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.

Crawford Metropolitan Housing Authority
Notes to the Basic Financial Statements - Continued
March 31, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

New Accounting Pronouncements

The Authority implemented GASB Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments*, and GASB Statement 37, *Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments: Omnibus* for the current period. The implementation of these standards had no impact on beginning Net Assets.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash equivalents include short-term, highly liquid investments that are both readily convertible to known amounts of cash and are so near maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less qualify under this definition.

Cash and cash equivalents included in the Authority's cash position at March 31, 2003 are as follows:

Demand deposits:	
Bank balance - Checking	\$ 103,870
Items-in-transit	<u>(4,793)</u>
Carrying balance	\$ <u>99,077</u>

Of the year-end cash balance, \$100,000 was covered by federal depository insurance and \$25 was maintained in petty cash funds. At March 31, 2003, \$3,870 of the bank balance was unsecured and not collateralized.

Crawford Metropolitan Housing Authority
Notes to the Basic Financial Statements - Continued
March 31, 2003

3. 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 the fiscal year 2003, the Authority contracted with Northland Insurance Company for public officials and employment practices liability; and United Ohio Insurance for general insurance, property, fire, electronic equipment, automobile insurance, and additional blanket liability insurance.

Public officials liability and employment practices liability insurance covered by Northland Insurance Company each carries a \$1,000 deductible. Insurance covered by United Ohio Insurance each carries a \$250 deductible.

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.

4. FIXED ASSETS

The following is a summary of fixed assets at March 31, 2003:

Furniture and Equipment	\$ 20,668
Accumulated Depreciation	<u>(18,306)</u>
Net fixed assets	\$ <u>2,362</u>

5. DEFINED BENEFIT PENSION PLANS – PUBLIC EMPLOYEES RETIREMENT SYSTEM

All employees participate in the Public Employees Retirement System of Ohio (PERS), a cost sharing multiple employer public employee retirement system administered by the Public Employee Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established and amended by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employee Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-PERS (7377).

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the Authority was required to contribute 13.55 percent. Contributions are authorized by State statute. The contribution rates are determined actuarially. The Authority's required contributions to PERS are equal to 100% of the dollar amount billed (13.55% of covered payroll). The Authority's required contributions to PERS for the years ended March 31, 2001, 2002 and 2003 were \$5,048, \$5,395, and \$5,325, respectively, which are equal to the required contributions for each year.

Crawford Metropolitan Housing Authority
Notes to the Basic Financial Statements - Continued
March 31, 2003

6. POSTRETIREMENT EMPLOYEE BENEFITS

PERS provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit, and to primary survivor recipients of such retirees. Health care coverage for disability recipients is also available under PERS. The health care coverage provided by the retirement system is considered an Other Post Employment Benefit (OPEB). A portion of each employer's PERS contribution is set aside for the funding of postretirement health care. The Ohio Revised Code provides the statutory authority for public employers to fund postretirement health care through their contributions to PERS. The number of active contributing participants was 402,041 as of December 31, 2001.

As required by state statute, a portion of each employer's contribution to PERS is used for the funding of the postemployment health care. Based on the employer's contribution of 13.55% of covered payroll; 5.00% was used to fund health care for the year. Employer contributions are advance-funded on an actuarially determined basis and are determined by state statute.

The assumptions and calculations below were based on the System's 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 (actual 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 to reflect 25 percent of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2001 was 8 percent.

PERS (assuming the number of active employees remains constant) assumes an annual increase of 4.00% compounded annually for the base portion of an individual's pay increase. Additionally, annual pay increases, over and above the 4.00% base increase, were assumed to range from 0.50% to 6.3%.

As of December 31, 2001, the unaudited estimated net assets available for future OPEB payments were \$11.6 billion. The actuarial accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used were \$16.4 billion and \$4.8 billion, respectively.

In December 2001, the Board adopted the Health Care "Choices" Plan in its continuing effort to respond to the rise in the cost of Health Care. The Choices Plan will be offered to all persons newly hired under PERS after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices, as the name suggests, will incorporate a cafeteria approach, offering a more broad range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit.

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The Plan will also offer a spending account feature, enabling the benefit recipient to apply toward specific medical expenses, much like a Medical Spending Account.

Crawford Metropolitan Housing Authority
Statement of Net Assets
FDS Schedule Submitted to HUD
March 31, 2003

FDS Line Item No.	Account Description	14.857 Rental Certificates Program	14.871 Housing Choice Vouchers Program	Total
	Current Assets			
	Cash			
111	Cash - Unrestricted	\$ -	\$ 99,102	\$ 99,102
100	Total Cash	-	99,102	99,102
	Accounts Receivable			
128	Fraud Recovery	-	1,104	1,104
120	Total Accounts Receivable	-	1,104	1,104
	Investments and Other Assets			
142	Prepaid Expenses and Other Assets	-	877	877
	Total Investments and Other Assets	-	877	877
150	Total Current Assets	-	101,083	101,083
	Noncurrent Assets			
	Fixed Assets			
164	Furniture and Equipment - Administration	-	20,668	20,668
166	Accumulated Depreciation	-	(18,306)	(18,306)
160	Total Fixed Assets, net of accumulated depreciation	-	2,362	2,362
180	Total Noncurrent Assets	-	2,362	2,362
190	Total Assets	\$ -	\$ 103,445	\$ 103,445

Crawford Metropolitan Housing Authority
Statement of Net Assets
FDS Schedule Submitted to HUD
March 31, 2003

FDS Line Item No.	Account Description	14.857 Rental Certificates Program	14.871 Housing Choice Vouchers Program	Total
	Current Liabilities			
312	Accounts Payable	\$ -	\$ 1,318	\$ 1,318
321	Accrued Wages and Payroll Taxes	-	533	533
322	Accrued Compensated Absences	-	7,341	7,341
331	Accounts Payable - HUD	-	13,492	13,492
310	Total Current Liabilities	-	22,684	22,684
353	Non-Current Liabilities - Other	-	1,104	1,104
350	Total Non-Current Liabilities	-	1,104	1,104
300	Total Liabilities	-	23,788	23,788
	Net Assets			
508.1	Invested in Capital Assets	-	2,362	2,362
512.1	Unrestricted Net Assets	-	77,295	77,295
	Total Net Assets	-	79,657	79,657
600	Total Liabilities and Net Assets	\$ -	\$ 103,445	\$ 103,445

Crawford Metropolitan Housing Authority
Statement of Revenues, Expenses and Changes in Net Assets
FDS Schedule Submitted to HUD
Year ended March 31, 2003

FDS Line Item No.	Account Description	14.857 Rental Certificates Program	14.871 Housing Choice Vouchers Program	Total
	Revenue			
706	HUD Grants	\$ -	\$ 1,173,021	\$ 1,173,021
711	Investment Income - Unrestricted	-	1,862	1,862
714	Fraud Recovery	-	668	668
	Total Revenue	<u>-</u>	<u>1,175,551</u>	<u>1,175,551</u>
	Expenses			
911	Administrative Salaries	-	47,676	47,676
912	Auditing Fees	-	4,492	4,492
914	Compensated Absences	-	2,941	2,941
915	Employee Benefit Contribution - Administrative	-	16,388	16,388
916	Other Operating - Administrative	-	48,623	48,623
942	Ordinary Maintenance and Operation - Materials and Other	-	3,110	3,110
961	Insurance Premiums	-	2,386	2,386
	Total Operating Expenses	<u>-</u>	<u>125,616</u>	<u>125,616</u>
970	Excess Operating Revenue Over Operating Expenses	<u>-</u>	<u>1,049,935</u>	<u>1,049,935</u>
	Other Expenses			
973	Housing Assistance Payments	-	1,022,316	1,022,316
974	Depreciation Expense	-	1,280	1,280
	Total Other Expenses	<u>-</u>	<u>1,023,596</u>	<u>1,023,596</u>
900	Total Expenses	-	1,149,212	1,149,212
1000	Excess of Revenues over Expenses	-	26,339	26,339
1103	Beginning Net Assets	16,197	37,121	53,318
1104	Transfer of Net Assets	<u>(16,197)</u>	<u>16,197</u>	<u>-</u>
	Ending Net Assets	<u>\$ -</u>	<u>\$ 79,657</u>	<u>\$ 79,657</u>

**Crawford Metropolitan Housing Authority
Schedule of Federal Awards Expenditures
Year Ended March 31, 2003**

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Expenditures For The Year Ended
<u>U.S. Department of Housing and Urban Development</u>		
Housing Choice Vouchers Program	14.871	<u>\$ 1,144,991</u>
Total Federal Award Expenditures		<u><u>\$ 1,144,991</u></u>

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

Crawford Metropolitan Housing Authority
Notes to the Schedule of Federal Awards Expenditures
March 31, 2003

1. The accompanying schedule of federal awards expenditures is a summary of the activity of the Authority's federal award programs. The schedule has been prepared on the cash basis of accounting.



Report On Compliance And On Internal Control Required By Government Auditing Standards

Board of Directors
Crawford Metropolitan Housing Authority
Galion, Ohio

We have audited the basic financial statements of Crawford Metropolitan Housing Authority, Crawford County, Ohio (the Authority) as of and for the year ended March 31, 2003 and have issued our report thereon dated June 19, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
Ten West Locust Street
Newark, Ohio 43055
(740) 345-6611
1-800-523-6611
FAX (740) 345-5635

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

Wilson, Shannon & Sons, Inc.

Newark, Ohio
June 19, 2003



Report On Compliance With Requirements Applicable To Each Major Program And On Internal Control Over Compliance In Accordance With OMB Circular A-133

Board of Directors
Crawford Metropolitan Housing Authority
Galion, Ohio

Compliance

We have audited the compliance of Crawford Metropolitan Housing Authority, Crawford County, Ohio (the 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 March 31, 2003. The Authority's major federal program is 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 its major federal program is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended March 31, 2003.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS

Ten West Locust Street

Newark, Ohio 43055

(740) 345-6611

1-800-523-6611

FAX (740) 345-5635

Internal Control Over Compliance

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

Wilson, Shuman & Snow, Inc.

Newark, Ohio
June 19, 2003

Crawford Metropolitan Housing Authority

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505

March 31, 2003

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Housing Choice Vouchers 14.871
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None were noted

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None were noted



**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

CRAWFORD METROPOLITAN HOUSING AUTHORITY

CRAWFORD 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
SEPTEMBER 16, 2003**