

Jefferson Metropolitan Housing Authority

General Purpose Financial Statements

For the Year Ended December 31, 2002





**Auditor of State  
Betty Montgomery**

Board of Directors  
Jefferson Metropolitan Housing Authority  
Steubenville, Ohio

We have reviewed the Independent Auditor's Report of the Jefferson Metropolitan Housing Authority, Jefferson County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period January 1, 2002 through December 31, 2002. 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 Jefferson 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

August 21, 2003

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JEFFERSON METROPOLITAN HOUSING AUTHORITY  
AUDIT REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2002

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**SALVATORE CONSIGLIO, CPA, INC.**

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### **Independent Auditors' Report**

Board of Directors  
Jefferson Metropolitan Housing Authority

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

I have audited the accompanying general purpose financial statements of Jefferson Metropolitan Housing Authority, Ohio, as of and for the year ended December 31, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the Jefferson 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 Jefferson Metropolitan Housing Authority, Ohio, as of December 31, 2002, 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 State of America.

Member of American Institute of Certified Public Accountants  
Ohio Society of Certified Public Accountants

In accordance with *Government Auditing Standards*, I have also issued a report dated April 18, 2003, on my consideration of Jefferson 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 our 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 Jefferson 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") and the PHA's statement and certification of actual modernization cost are presented for purposes of additional analysis as required by the Department of Housing and Urban Development and are 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 basic financial statements and, in my opinion, is fairly presented in all material respect in relation to the basic financial statements taken as a whole.



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Salvatore Consiglio, CPA, Inc.

April 18, 2003



Jefferson Metropolitan Housing Authority  
 Combined Balance Sheet  
 Proprietary Fund Type – Enterprise Fund  
 December 31, 2002

**ASSETS**

Cash and Cash Equivalents	\$1,738,843
Cash – Restricted	157,422
Accounts Receivables – Net of Allowance	109,420
Investment	4,241,974
Inventory – Net of Allowance	68,527
Deferred Charges and Other Assets	40,146
Fixed Assets - Net of Accumulated Depreciation	<u>15,553,319</u>
 TOTAL ASSETS	 <u><u>\$21,909,651</u></u>

**LIABILITIES AND FUND EQUITY**

<b>CURRENT LIABILITIES:</b>	
Accounts Payable	\$199,754
Intergovernmental Payables	69,783
Accrued Expenses/Expenditures	8,553
Accrued Wages and Payroll Taxes	107,841
Tenant Security Deposits	104,271
Deferred Credits and Other Liabilities	<u>243,630</u>
 Total Current Liabilities	 <u>733,832</u>
 <b>NONCURRENT LIABILITES</b>	
Long-Term Debt, Net of Current	1,420,000
Other Long-term Liabilities - Net of Current Portion	<u>310,804</u>
 Total Noncurrent Liabilities	 <u>1,730,804</u>
 TOTAL LIABILITES	 <u>2,464,636</u>
 <b>FUND EQUITY:</b>	
Total Contributed Capital	12,118,020
Unreserved Fund	<u>7,326,995</u>
 TOTAL FUND EQUITY	 <u>19,445,015</u>
 TOTAL LIABILITIES AND FUND EQUITY	 <u><u>\$21,909,651</u></u>

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

Jefferson Metropolitan Housing Authority  
 Combined Statement of Revenue, Expenses and Change in Fund Equity  
 Proprietary Fund Type  
 Enterprise Fund  
 For the Year Ended December 31, 2002

**REVENUE**

Tenant Rental Revenue	\$1,127,397
Program Grants/Subsidies	7,428,947
Intergovernmental	481,317
Interest	148,920
Other Income	<u>375,158</u>
 TOTAL REVENUE	 <u>9,561,739</u>

**EXPENSES**

Administrative Expenses	2,260,418
Tenant Services	2,668
Utilities Expenses	610,044
Ordinary Maintenance and Operation	1,382,504
Protective Services	84,298
General Expenses	220,973
Housing Assistance Expenses	3,037,359
Interest Expenses	107,032
Depreciation Expense	<u>1,069,814</u>
 TOTAL EXPENSES	 <u>8,775,110</u>

EXCESS (DEFICIENCY) OF TOTAL REVENUE OVER (UNDER) TOTAL EXPENSES	 786,629
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Beginning Fund Equity	18,657,458
Prior Period Adjustments (Note 8)	<u>928</u>

ENDING FUND EQUITY	<u><u>\$19,445,015</u></u>
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The accompanying notes to the general purpose financial statements are an integral part of these statements.

Jefferson Metropolitan Housing Authority  
 Combined Statement of Cash Flows  
 Proprietary Fund Type  
 Enterprise Fund  
 For the Year Ended December 31, 2002

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Net Operating Income/(Loss)	\$786,629
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities	
- Depreciation	1,069,814
- (Increases) Decreases in Accounts Receivable	48,332
- (Increases) Decreases in Prepaid Expenses	(12,993)
- Increases (Decreases) Accounts Payable	<u>226,990</u>
 Total Adjustments	 <u>1,332,143</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>2,118,772</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Change in Investment Account	537,581
Change in Material Inventory	<u>(5,037)</u>
 NET CASH USED IN INVESTING ACTIVITIES	 <u>532,544</u>

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Retirement of Debt	(190,000)
Purchase of Fixed Assets	(1,546,077)
Net Proceeds From Insurance	<u>46,270</u>
 NET CASH USED IN FINANCING ACTIVITIES	 <u>(1,689,807)</u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	961,509
 CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	 <u>777,334</u>
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	 <u><u>\$1,738,843</u></u>

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

JEFFERSON METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Summary of Significant Accounting Policies**

The financial statements of the Jefferson 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 Jefferson 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.

JEFFERSON METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002  
(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

JEFFERSON METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002  
(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 December 31, 2002 totaled \$148,920.

**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

JEFFERSON METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002  
(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.

**Receivable – Net of Allowance**

Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenants receivables at the end of the year. The allowance for uncollectable receivables was \$15,922 at December 31, 2002.

**Inventory**

Inventory is stated at cost. The allowance for obsolete inventory was \$-0- at December 31, 2002.

**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.

JEFFERSON METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002  
(CONTINUED)

**NOTE 2: CASH AND INVESTMENTS** (Continued)

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

Category 3 – Uncollateralized.

Deposits, categorized by level of risk, are:

<u>DESCRIPTION</u>	<u>BANK BALANCE</u>	<u>CATEGORY</u>			<u>CARRYING AMOUNT</u>
		<u>1</u>	<u>2</u>	<u>3</u>	
Cash and Cash					
Equivalents	\$ 1,855,337	\$ 1,855,337	\$0	\$0	\$1,738,843
Restricted Cash	157,422	157,422	0	0	157,422
Investments	4,251,820	4,251,820	0	0	4,241,974
<b>Total Deposits</b>	<b>\$6,264,579</b>	<b>\$6,264,579</b>	<b>\$0</b>	<b>\$0</b>	<b>\$ 6,138,239</b>

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 counterparty’s trust department or agent in the PHA’s name.

Category 3 – Uninsured and unregistered, with securities held by the counterparty, 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.



JEFFERSON METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002  
(CONTINUED)

**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 December 31, 2002 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.

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	\$ 2,541,310
Buildings	30,685,145
Furniture, Machinery and Equipment	2,711,883
Construction in Progress	<u>1,747,658</u>
 Total Fixed Assets	 37,685,996
Accumulated Depreciation	<u>(22,132,677)</u>
 Net Fixed Assets	 <u><u>\$ 15,553,319</u></u>

The following is a summary of changes:

	<b>Balance 12/31/01</b>	<b>Adjust.</b>	<b>Additions</b>	<b>Deletion</b>	<b>Balance 12/31/02</b>
Land	\$2,541,310	\$0	\$0	\$0	\$2,541,310
Buildings	30,157,348	407,698	296,547	(176,448)	30,685,145
Furnt, Mach. and Equip.	2,599,833	69,942	44,481	(2,373)	2,711,883
Construction in Progress	<u>1,020,249</u>	<u>(477,640)</u>	<u>1,205,049</u>	<u>0</u>	<u>1,747,658</u>
 Total Fixed Assets	 <u><u>\$36,318,740</u></u>	 <u><u>\$ 0</u></u>	 <u><u>\$1,546,077</u></u>	 <u><u>(\$178,821)</u></u>	 <u><u>\$37,685,996</u></u>

The depreciation expense for the year ended December 31, 2002 was \$1,069,814.

JEFFERSON METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002  
(CONTINUED)

**NOTE 6: 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. Chapter 145 of the Ohio Revised Code establishes benefits. 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.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The employer contribution rate was 13.55 percent of covered payroll. The Authority's required contributions to PERS for the years ended December 31, 2002, 2001 and 2000 were \$187,384, \$212,798, and \$131,115, respectively. The full amount has been contributed for 2001 and 2000. Ninety-five percent has been contributed for 2002, with the remainder being reported as a liability with the enterprise fund.

**NOTE 7: POSTEMPLOYMENT BENEFITS PUBLIC EMPLOYEES  
RETIREMENT SYSTEM**

The Public Retirement System of Ohio (PERS) provides post-retirement 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 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 based on authority granted by State statute. The Ohio Revised Code provides the statutory authority requiring public employers to fund pension and postretirement health care through their contributions to PERS. The portion of employer contributions rate used to fund health care for 2002 and 2001 was 4.3 percent of cover payroll.

The significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 2000, include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually for inflation (assuming no change in the number of active employees) and an additional increase in total payroll of between .54 percent and 5.1

JEFFERSON METROPOLITAN HOUSING AUTHORITY  
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2002  
 (CONTINUED)

**NOTE 7: POSTEMPLOYMENT BENEFITS PUBLIC EMPLOYEES RETIREMENT SYSTEM** (Continued)

percent based on additional annual pay increases. Health care premiums were assumed to increase 4.75 percent annually.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

Benefits are advance-funded using the entry age normal cost method. The number of active contributing participants was 411,076. The actuarial value of PERS of Ohio net assets available for OPEB at December 31, 2000 was \$11,735.9 million. The actuarially accrued liability and the unfounded actuarial accrued liability, based on the actuarial cost method used, were \$14,364.6 million and \$2,628.7 million, respectively.

**NOTE 8: PRIOR PERIOD ADJUSTMENTS**

The prior period adjustments represent HUD adjustment to financial statements for administration fee earned:

- Public Housing Program	\$546
- Section 8 New Construction Program	382
	_____
Total Prior Period Adjustments	\$928

**NOTE 9: LONG-TERM DEBT**

Multifamily Mortgage Revenue Refunding Bonds

The bonds were issued to refund certain bonds issued to finance the acquisition and rehabilitation of a multifamily residential rental project owned by Jefferson Metropolitan Housing Authority (JMHA) for persons of low income located in Steubenville, Ohio. The bonds were secured by a pledge of all rights, title and interest of the Issuer in the Housing Assistance Payment Contract between the United State Department of Housing and Urban Development and JMHA, with the

JEFFERSON METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002  
(CONTINUED)

**NOTE 9: LONG-TERM DEBT** (Continued)

respect of the project and the financing agreement of the owner derived from the operation of the project. No other revenue or assets of JMHA was pledged to the payment of principal and interest of the bonds.

Interest on the bonds is payable on December 1<sup>st</sup> and June 1<sup>st</sup> of each year, commencing on December 1, 1994.

The following is a summary of the change in the Long-Term Debt for the year ended December 31, 2002:

<u>Description</u>	<u>Balance</u> <u>01/01/02</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>12/31/02</u>	<u>Due Within</u> <u>One Year</u>
Multifamily Mortgage Revenue Bond	\$1,790,000	\$0	\$180,000	\$1,610,000	\$190,000

Debt maturities for the next five years are as follows:

<u>YEAR</u>	<u>AMOUNT</u>
2003	\$190,000
2004	200,000
2005	215,000
2006	225,000
2007	245,000
Later Years	<u>535,000</u>
Total	<u>\$1,610,000</u>

**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.

Jefferson Metropolitan Housing Authority  
Combining Balance Sheet  
FDS Schedule Submitted To REAC  
Proprietary Fund Type – Enterprise Fund  
December 31, 2002

FDS Line Item No.	Account Description	Business Activity Gaylord Tower	New Construction Program	Low Rent Public Housing	Drug Elimination Program	Section 8 Voucher Program	Section 8 Certificate Program	Comp Grant Program	Resident Opport & SS	Capital Fund	State / Local	TOTAL
<b>ASSETS:</b>												
CURRENT ASSETS:												
Cash:												
111	Cash – unrestricted	\$293,349	\$70,272	\$604,083	\$0	\$771,041	\$0	\$0	\$0	\$0	\$98	\$1,738,843
113	Cash – other restricted	0	0	4,598	0	46,824	0	0	0	0	0	51,422
114	Cash - tenant security deposits	20,000	0	86,000	0	0	0	0	0	0	0	106,000
100	Total cash	313,349	70,272	694,681	0	817,865	0	0	0	0	98	1,896,265
Accounts and notes receivables:												
122	Accounts receivable – HUD other projects	0	290	33,371	0	40,341	0	0	0	0	0	74,002
126	Accounts receivable – tenant dwelling rent	1,677	0	35,370	0	0	0	0	0	0	0	37,047
126.1	Allowance for doubtful accounts	(721)	0	(15,201)	0	0	0	0	0	0	0	(15,922)
129	Accrued interest receivable	2,579	0	11,372	0	342	0	0	0	0	0	14,293
120	Total receivables, net of allowances for doubtful accounts	3,535	23	61,910	0	74,439	0	0	0	0	0	109,420
131	Investments – unrestricted	2,517,974	0	1,724,000	0	0	0	0	0	0	0	4,241,974
142	Prepaid expenses and other assets	0	0	40,146	0	0	0	0	0	0	0	40,146
143	Inventory	0	0	68,527	0	0	0	0	0	0	0	68,527
144	Interprogram due from	644,143	343	786,382	0	2,673	0	0	0	0	105	1,433,646
150	TOTAL CURRENT ASSETS	3,479,001	70,905	3,378,648	0	861,221	0	0	0	0	203	7,789,978
NONCURRENT ASSETS:												
Fixed assets:												
161	Land	70,000	0	2,471,310	0	0	0	0	0	0	0	2,541,310
162	Buildings	3,505,993	0	27,179,152	0	0	0	0	0	0	0	30,685,145
163	Furniture, equipment & machinery – dwellings	20,040	0	1,753,619	0	0	0	0	0	0	0	1,773,659
164	Furniture, equipment & machinery – administration	20,767	0	878,569	0	38,888	0	0	0	0	0	938,224
166	Accumulated depreciation	(1,905,608)	0	(20,196,066)	0	(31,003)	0	0	0	0	0	(22,132,677)
167	Construction in progress	150,330	0	0	0	0	0	982,523	0	614,805	0	1,747,658
160	Total Fixed Assets – Net Accum. Deprct.	1,861,522	0	12,086,584	0	7,885	0	982,523	0	614,805	0	15,553,319
180	TOTAL NONCURRENT ASSETS	1,861,522	0	12,086,584	0	7,885	0	982,523	0	614,805	0	15,553,319
190	TOTAL ASSETS	\$5,340,523	\$70,905	\$15,465,232	\$0	\$869,106	\$0	\$982,523	\$0	\$614,805	\$203	\$23,343,297

Jefferson Metropolitan Housing Authority  
Combining Balance Sheet  
FDS Schedule Submitted To REAC  
Proprietary Fund Type – Enterprise Fund  
December 31, 2002

FDS Line Item No.	Account Description	Business Activity Gaylord Tower	New Construction Program	Low Rent Public Housing	Drug Elimination Program	Section 8 Voucher Program	Section 8 Certificate Program	Comp Grant Program	Resident Opport & SS	Capital Fund	State / Local	TOTAL
<b>LIABILITIES AND EQUITY:</b>												
<b>LIABILITIES</b>												
<b>CURRENT LIABILITIES</b>												
312	Accounts payable < 90 days	\$52,177	\$0	\$147,577	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$199,754
321	Accrued wages and payroll taxes payable	10,017	204	73,574	0	9,204	0	0	0	0	0	92,999
322	Accrued compensated absences	13,847	0	995	0	0	0	0	0	0	0	14,842
325	Accrued Interest Payable	8,553	0	0	0	0	0	0	0	0	0	8,553
331	Accounts payable - HUD PHA program	0	2,348	67,435	0	0	0	0	0	0	0	69,783
341	Tenant security deposit	18,283	0	85,988	0	0	0	0	0	0	0	104,271
342	Deferred revenue	0	0	27	0	0	0	0	0	0	0	27
343	Current Portion of Long-Term Debt	190,000	0	0	0	0	0	0	0	0	0	190,000
345	Other current liabilities	696	0	5,864	0	0	0	0	0	0	0	6,560
346	Accrued Liability Other	15,663	0	31,380	0	0	0	0	0	0	0	47,043
347	Interprogram due to	387,839	25,677	287,264	0	732,093	0	0	0	0	773	1,433,646
310	<b>TOTAL CURRENT LIABILITIES</b>	<b>697,075</b>	<b>28,496</b>	<b>700,104</b>	<b>0</b>	<b>741,297</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>773</b>	<b>2,167,478</b>
<b>NONCURRENT LIABILITIES</b>												
351	Long-Term Debt, Net of Current Portion	1,420,000	0	0	0	0	0	0	0	0	0	1,420,000
353	Noncurrent Liabilities - Other	0	0	0	0	46,824	0	0	0	0	0	46,824
354	Accrued Compensated Absences - Non Current	37,909	5,721	158,783	0	61,567	0	0	0	0	0	263,980
350	<b>TOTAL NONCURRENT LIABILITIES</b>	<b>1,457,909</b>	<b>5,721</b>	<b>158,783</b>	<b>0</b>	<b>108,391</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,730,804</b>
300	<b>TOTAL LIABILITIES</b>	<b>2,154,984</b>	<b>33,950</b>	<b>858,887</b>	<b>0</b>	<b>489,688</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>773</b>	<b>3,538,282</b>
<b>EQUITY:</b>												
504	Net HUD PHA contributions	0	0	12,118,020	0	0	0	0	0	0	0	12,118,020
508	Total contributed capital	0	0	12,118,020	0	0	0	0	0	0	0	12,118,020
512	Undesignated fund balance/retained earnings	3,185,539	36,955	2,488,325	0	19,418	0	982,523	0	614,805	(570)	7,326,995
513	<b>TOTAL EQUITY</b>	<b>3,185,539</b>	<b>36,955</b>	<b>14,606,345</b>	<b>0</b>	<b>19,418</b>	<b>0</b>	<b>982,523</b>	<b>0</b>	<b>614,805</b>	<b>(570)</b>	<b>19,445,015</b>
600	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$5,340,523</b>	<b>\$70,371</b>	<b>\$15,465,232</b>	<b>\$0</b>	<b>\$869,106</b>	<b>\$0</b>	<b>\$982,523</b>	<b>\$0</b>	<b>\$614,805</b>	<b>\$203</b>	<b>\$23,343,297</b>

Jefferson Metropolitan Housing Authority  
Combining Statement of Revenue, Expenses and Change In Retained Earnings  
FDS Schedule Submitted to REAC  
Proprietary Fund Type – Enterprise Fund  
For The Year Ended December 31, 2002

FDS Line Item No.	Account Description	Business Activity Gaylord Tower	New Construction Program	Low Rent Public Housing	Drug Elimination Program	Section 8 Voucher Program	Section 8 Certificate Program	Comp Grant Program	Resident Opport & SS	Capital Fund	State / Local	TOTAL
<b>REVENUE:</b>												
703	Net tenant rental revenue	\$239,923	\$0	\$878,148	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,118,071
704	Tenant revenue - other	0	0	9,326	0	0	0	0	0	0	0	9,326
705	<b>TOTAL TENANT REVENUE</b>	<b>239,923</b>	<b>0</b>	<b>887,474</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,127,397</b>
706	HUD PHA operating grants	0	402,067	1,829,672	167,404	3,161,128	0	109,228	30,000	571,538	0	6,271,037
706.1	Capital Grant	0	0	0	0	0	0	546,632	0	611,278	0	1,157,910
708	Other Governmental Grants	469,109	0	0	0	0	0	0	0	0	12,208	481,317
711	Investment income - unrestricted	79,203	468	61,190	0	8,059	0	0	0	0	0	148,920
714	Fraud recovery	0	0	0	0	162	0	0	0	0	0	162
715	Other revenue	22,467	0	330,252	0	0	0	0	0	0	546	353,265
716	Gain/loss on sale of fixed assets	0	0	21,731	0	0	0	0	0	0	0	21,731
700	<b>TOTAL REVENUE</b>	<b>810,702</b>	<b>402,535</b>	<b>3,130,319</b>	<b>167,404</b>	<b>3,169,349</b>	<b>0</b>	<b>655,860</b>	<b>30,000</b>	<b>1,182,816</b>	<b>12,754</b>	<b>9,561,739</b>
<b>EXPENSES:</b>												
Administrative:												
911	Administrative salaries	129,320	14,991	535,489	0	189,803	0	0	0	0	493	870,096
912	Auditing fees	722	481	7,827	0	3,010	0	0	0	0	0	12,040
913	Outside Management Fees	350	0	0	0	0	0	0	0	0	0	350
914	Compensated absences	3,957	457	35	0	4,247	0	0	0	0	0	8,696
915	Employee benefit contributions- administrative	51,728	5,997	227,977	0	75,921	0	0	0	0	198	361,821
916	Other operating- administrative	20,380	3,675	100,345	83,106	89,143	0	109,228	30,000	571,538	0	1,007,415
924	Tenant Services - Other	0	0	2,668	0	0	0	0	0	0	0	2,668
Utilities:												
931	Water	11,583	0	100,692	0	0	0	0	0	0	0	112,275
932	Electricity	54,475	0	166,883	0	0	0	0	0	0	0	221,358
933	Gas	5,987	0	160,947	0	0	0	0	0	0	0	166,934
938	Other utilities	11,251	0	98,226	0	0	0	0	0	0	0	109,477
Ordinary maintenance & operation:												
941	Ordinary maintenance and operations - labor	89,033	0	423,780	0	0	0	0	0	0	0	512,813
942	Ordinary maintenance and operations - materials and other	44,812	0	158,726	0	579	0	0	0	0	0	204,117
943	Ordinary maintenance and operations - contract costs	78,125	0	370,328	0	1,089	0	0	0	0	0	449,542

Jefferson Metropolitan Housing Authority  
Combining Statement of Revenue, Expenses and Change In Retained Earnings  
FDS Schedule Submitted to REAC  
Proprietary Fund Type – Enterprise Fund  
For The Year Ended December 31, 2002

FDS Line Item No.	Account Description	Business Activity Gaylord Tower	New Construction Program	Low Rent Public Housing	Drug Elimination Program	Section 8 Voucher Program	Section 8 Certificate Program	Comp Grant Program	Resident Opport & SS	Capital Fund	State / Local	TOTAL
945	Employee Benefit Contribution – Ordinary Maintenance	35,613	0	180,419	0	0	0	0	0	0	0	216,032
952	Protective services - other contract costs	0	0	0	84,298	0	0	0	0	0	0	84,298
	General expenses:											
961	Insurance premiums	17,598	0	134,945	0	13,007	0	0	0	0	0	165,550
962	Other general expenses	1,170	0	0	0	0	0	0	0	0	0	1,170
963	Payments in lieu of taxes	15,663	0	26,269	0	0	0	0	0	0	0	41,932
964	Bad Debt – Tenant Rent	208	0	12,113	0	0	0	0	0	0	0	12,321
967	Interest Expense	106,988	0	0	0	0	0	0	0	0	44	107,032
969	<b>TOTAL OPERATING EXPENSES</b>	<b>678,963</b>	<b>25,601</b>	<b>2,707,669</b>	<b>167,404</b>	<b>376,799</b>	<b>0</b>	<b>109,228</b>	<b>30,000</b>	<b>571,538</b>	<b>735</b>	<b>4,667,937</b>
970	<b>EXCESS OPERATING REVENUE OVER OPERATING EXPENSES</b>	<b>131,739</b>	<b>376,934</b>	<b>422,650</b>	<b>0</b>	<b>2,792,550</b>	<b>0</b>	<b>546,632</b>	<b>0</b>	<b>611,278</b>	<b>12,019</b>	<b>4,893,802</b>
973	Housing assistance payments	0	370,229	0	0	2,656,722	0	0	0	0	10,408	3,037,359
974	Depreciation expense	95,382	0	966,887	0	7,545	0	0	0	0	0	1,069,814
900	<b>TOTAL EXPENSES</b>	<b>774,345</b>	<b>395,830</b>	<b>3,674,556</b>	<b>167,404</b>	<b>3,041,066</b>	<b>0</b>	<b>109,228</b>	<b>30,000</b>	<b>571,538</b>	<b>11,143</b>	<b>8,775,110</b>
1000	<b>EXCESS (DEFICIENCY) OF TOTAL REVENUE OVER (UNDER) EXPENSES</b>	<b>36,357</b>	<b>6,705</b>	<b>(544,237)</b>	<b>0</b>	<b>128,283</b>	<b>0</b>	<b>546,632</b>	<b>0</b>	<b>611,278</b>	<b>1,611</b>	<b>786,629</b>
1101	Capital outlay enterprise fund	0	0	0	0	0	0	0	0	0	0	0
1103	Beginning equity	2,539,182	29,868	14,310,495	0	155,373	345,762	1,275,432	0	3,527	(2,181)	18,657,458
1104	Prior period adjustments and equity transfers	610,000	382	840,087	0	(264,238)	(345,762)	(839,541)	0	0	0	928
	<b>ENDING RETAINED EARNINGS</b>	<b>\$3,185,539</b>	<b>\$36,955</b>	<b>\$14,606,345</b>	<b>\$0</b>	<b>\$19,418</b>	<b>\$0</b>	<b>\$982,523</b>	<b>\$0</b>	<b>\$614,805</b>	<b>\$(570)</b>	<b>\$19,445,015</b>



Jefferson Metropolitan Housing Authority  
Combining Statement of Revenue, Expenses and Change In Retained Earnings  
FDS Schedule Submitted to REAC  
Proprietary Fund Type – Enterprise Fund  
For The Year Ended December 31, 2002

FDS Line Item No.	Account Description	Business Activity Gaylord Tower	New Construction Program	Low Rent Public Housing	Drug Elimination Program	Section 8 Voucher Program	Section 8 Certificate Program	Comp Grant Program	Resident Opport & SS	Capital Fund	State / Local	TOTAL
<b>MEMO ACCOUNT INFORMATION:</b>												
1102	Debt Principal Payment – Enterprise Fund	\$190,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$190,000
1112	Depreciation "add back"	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1113	Maximum annual contributions commitment (per ACC)	\$0	\$456,168	\$0	\$0	\$3,220,726	\$0	\$0	\$0	\$0	\$0	\$3,676,894
1114	Prorata maximum annual contributions applicable to a Period of less than Twelve Months	0	0	0	0	0	0	0	0	0	0	0
1115	Contingency reserve, ACC program reserve	0	363,639	0	0	315,089	0	0	0	0	0	678,728
1116	Total annual contributions available	\$0	\$819,807	\$0	\$0	\$3,535,815	\$0	\$0	\$0	\$0	\$0	\$4,355,622
1120	Unit months available	1,200	1,104	9,198	0	9,816	0	0	0	0	38	21,356
1121	Number of unit months leased	1,167	1,096	8,531	0	9,816	0	0	0	0	38	20,648

Jefferson Metropolitan Housing Authority  
PHA's Statement and Certification of Actual Modernization Cost  
December 31, 2002

Comprehensive Grant Program Number OH12P01470899

1. The Actual Modernization Costs are as follows:

Operation	\$ 149,100
Management Improvement	166,543
Administration	40,000
Fees and Costs	162,779
Site Improvement	47,652
Dwelling Structures	889,272
Dwelling Equipment	33,310
Non-dwelling Equipment	<u>2,346</u>
TOTAL EXPENSES	<u>\$1,491,002</u>
TOTAL RECEIPTS	<u>\$1,491,002</u>

2. All costs have been paid and there are no outstanding obligations.
3. The actual modernization cost certification was signed and filed on August 1, 2002.
4. The final costs on the certification agree to the Authority's records.

Jefferson Metropolitan Housing Authority  
PHA's Statement and Certification of Actual Drug Elimination Costs  
December 31, 2002

Drug Elimination Program Number OH12DEP0140100

1. The Program Costs are as follows:

Funds Approved	\$180,628
Funds Expended	<u>180,628</u>
Excess (Deficiency) of Funds Approved	<u><u>\$ -0-</u></u>
Funds Advanced	\$180,628
Funds Expended	<u>180,628</u>
Excess (Deficiency) of Funds Advanced	<u><u>\$ -0-</u></u>

2. All costs have been paid and there are no outstanding obligations.
3. The Final Financial Status Report was signed and filed on November 13, 2002.
4. The final costs on the certification agree to the Authority's records.

Jefferson Metropolitan Housing Authority  
PHA's Statement and Certification of Actual Costs  
Resident Opportunity and Supportive Services  
December 31, 2002

Resident Opportunity and Supportive Services Grant Number OH00RSV0140121

1. The Program Costs are as follows:

Funds Approved	\$30,000
Funds Expended	<u>30,000</u>
Excess (Deficiency) of Funds Approved	<u>\$ -0-</u>
Funds Advanced	\$30,000
Funds Expended	<u>30,000</u>
Excess (Deficiency) of Funds Advanced	<u><u>\$ -0-</u></u>

2. All costs have been paid and there are no outstanding obligations.
3. The Final Financial Status Report was signed and filed on January 21, 2003.
4. The final costs on the certification agree to the Authority's records.

Jefferson Metropolitan Housing Authority  
Schedule of Expenditure of Federal Award  
For the Year Ended December 31, 2002

<b>FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES</b>	<b>CFDA NUMBER</b>	<b>EXPENDITURES</b>
U.S. Department of Housing and Urban Development Direct Program		
Section 8 New Construction Program	14.182	\$402,067
Low Rent Public Housing	14.850a	1,829,672
Drug Elimination Program	14.854	167,404
Public Housing – Comprehensive Grant Program	14.859	655,860
Resident Opportunity and Supportive Services	14.870	30,000
Housing choice Voucher Program	14.871	3,161,128
Public Housing Capital Fund Program	14.872	<u>1,182,816</u>
 Total Expenditure of Federal Award		 <u><u>\$7,428,947</u></u>

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**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  
Jefferson Metropolitan Housing Authority

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

I have audited the general purpose financial statements of the Jefferson Metropolitan Housing Authority, Ohio, as of and for the year ended December 31, 2002, and have issued my report thereon dated April 18, 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 Jefferson 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 Jefferson 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

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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.



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Salvatore Consiglio, CPA, Inc.

April 18, 2003

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**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  
Jefferson Metropolitan Housing Authority

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

**Compliance**

I have audited the compliance of the Jefferson 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 December 31, 2002. Jefferson 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 Jefferson Metropolitan Housing Authority, Ohio's management. My responsibility is to express an opinion on Jefferson 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 Jefferson 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 Jefferson Metropolitan Housing Authority, Ohio's compliance with those requirements.

In my opinion, Jefferson 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 December 31, 2002.

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## **Internal Control Over Compliance**

The management of Jefferson 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 Jefferson 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.



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Salvatore Consiglio, CPA, Inc.

April 18, 2003

Jefferson Metropolitan Housing Authority  
 Schedule of Findings and Questioned Costs  
 OMB Circular A-133 § .505  
 December 31, 2002

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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Type of Financial Statement Opinion	Unqualified
Were 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
Were 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 #14.182; 14.850; 14.859; 14.871 and 14.872
Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All Others
Low Risk Auditee?	Yes

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS</b>
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There are no Findings or questioned costs for the year ended December 31, 2002.

<b>3. FINDINGS REALTED TO FEDERAL AWARDS</b>
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There are no Findings or questioned costs for the year ended December 31, 2002.

Jefferson Metropolitan Housing Authority  
Schedule of Prior Audit Findings  
December 31, 2002

The audit report for the fiscal year ending December 31, 2001 contained not audit finding.





**Auditor of State  
Betty Montgomery**

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**JEFFERSON METROPOLITAN HOUSING AUTHORITY**

**JEFFERSON 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**