

**NOBLE METROPOLITAN HOUSING AUTHORITY
CAMBRIDGE, OHIO**

**REPORT ON EXAMINATION OF FINANCIAL
STATEMENTS AND SUPPLEMENTAL DATA FOR THE
YEAR ENDED MARCH 31, 2002**

J. E. Slaybaugh & Associates, Inc.

Certified Public Accountant

12 East Main Street

Lexington, Ohio 44904



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Commissioners
Noble Metropolitan Housing Authority
Cambridge, Ohio

We have reviewed the Independent Auditor's Report of the Noble Metropolitan Housing Authority, Noble County, prepared by J.E. Slaybaugh & Associates, Inc., for the audit period April 1, 2001 through March 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 Noble Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

December 18, 2002

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NOBLE METROPOLITAN HOUSING AUTHORITY
CAMBRIDGE, OHIO

FOR THE YEAR ENDED MARCH 31, 2002

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

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John E. Slaybaugh III
Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Noble Metropolitan Housing Authority
Cambridge, Ohio

We have audited the accompanying balance sheet of the Noble Metropolitan Housing Authority, Cambridge, Ohio, as of and for the year ended March 31, 2002, and the related statements of revenues, expenses, equity, and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Noble Metropolitan Housing Authority as of March 31, 2002, and the results of its operations and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 20, 2002, on our consideration of Noble Metropolitan Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental financial data schedules accompanying the financial statements are not necessary for fair presentation of the financial position, results of operations, and cash flows of the Authority in conformity with accounting principles generally accepted in the United States of America. The supplemental schedules listed in the table of contents are presented only for purposes of additional analysis and are not a required part of the financial statements. Such schedules have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Our audit was made for the purpose of forming an opinion on the financial statements of Noble Metropolitan Housing Authority, taken as a whole. The accompanying schedule of expenditures of federal awards is required by *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations* and is not a required part of the financial statements. The information in that Schedule has been subjected to the auditing procedures applied in the audit of the financial statements, and in our opinion, is stated fairly, in all material respects, in relation to the financial statements taken as a whole.

J. E. Slaybaugh & Associates, Inc.

J.E. Slaybaugh & Associates, Inc.
September 20, 2002

NOBLE METROPOLITAN HOUSING AUTHORITY
CAMBRIDGE, OHIO
BALANCE SHEET
FOR THE YEAR ENDED MARCH 31, 2002

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 121,085
Accounts Receivable-PHA Projects	8,000
Accounts Receivable- HUD	49,933
Tenant Accounts Receivable- Net of \$ 0 Doubtful Accounts	7
Investments-Unrestricted	46,341
Investments-Restricted	5,535
Interprogram Due From	<u>18,310</u>
 Total Current Assets	 249,211
 Property and Equipment - Net of \$ 382,370 Accumulated Depreciation	 <u>1,063,261</u>
 Total Assets	 <u>\$ 1,312,472</u>

LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable	\$ 48,910
Accrued Wages and Payroll Taxes	2,819
Accrued Compensated Absences-Current	549
Tenant Security Deposits	9,592
Deferred Revenues	24,676
Interprogram Due To	<u>18,310</u>
 Total Current Liabilities	 104,856
 Total Liabilities	 104,856

Equity

Contributed Capital	116,504
Retained Earnings	<u>1,091,112</u>
 Total Equity	 <u>1,207,616</u>
 Total Liabilities and Equity	 <u>\$ 1,312,472</u>

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

NOBLE METROPOLITAN HOUSING AUTHORITY
CAMBRIDGE, OHIO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2002

<u>Revenue</u>	
HUD Grants	\$ 374,590
Capital Grants	50,782
Rental Income	32,015
Investment Income-Unrestricted	<u>2,818</u>
Total Revenue	460,205
<u>Expenses (before depreciation)</u>	
Housing Assistance Payments	261,413
Administrative Salaries	55,432
Employee Benefits	17,376
Other Administrative Expense	41,012
Tenant Services-Salaries	47
Tenant Services-Other	72
Material and Labor-Maintenance	23,475
Contract Services	5,655
Utilities	11,249
General Expenses	3,272
Payments in Lieu of Taxes	2,276
Bad Debt- Tenant Rents	<u>971</u>
Total Expenses	422,250
Income (Loss) before Depreciation & Other Costs	37,955
Depreciation	<u>56,525</u>
Operating Income (Loss)	(18,570)
Retained Earnings - Beginning of Year	<u>1,109,682</u>
Retained Earnings - End of Year	<u>1,091,112</u>
Contributed Capital - Beginning of Year as Restated - See Note 8	<u>116,504</u>
Contributed Capital - End of Year	<u>116,504</u>
Total Equity - End of Year	<u>\$ 1,207,616</u>

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

NOBLE METROPOLITAN HOUSING AUTHORITY
CAMBRIDGE, OHIO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2002

Cash Flows from Operating Activities

Operating Income (Loss)	\$ (18,570)
Adjustments to reconcile Operating Income(Loss) to Net Cash Provided By Operating Activities:	
Depreciation	56,525
Changes in Operating Assets and Liabilities that Increase (Decrease) Cash Flows:	
Tenant Accounts Receivable- Net	755
Accounts Receivable- HUD	(23,508)
Accounts Receivable- Other Governments	(8,000)
Interprogram Due From	6,429
Prepaid Expenses	2,521
Accounts Payable- Vendor	38,411
Accounts Payable-HUD	(9,596)
Accounts Payable- Other Governments	(2,210)
Accrued Wages & Taxes Payable	(1,187)
Accrued Compensated Absences	(180)
Tenant Security Deposits	4,657
Deferred Revenues	898
Interprogram Due To	(6,429)
Other Accrued Liabilities	(656)
Total Adjustments	58,430
Net Cash Provided By Operating Activities	39,860
 <u>Cash Flows from Investing Activities</u>	
Change in Investments	(38,871)
Net Cash Used By Investing Activities	(38,871)
 Increase (Decrease) In Cash and Cash Equivalents	 989
Cash and Cash Equivalents - Beginning of Year	120,096
Cash and Cash Equivalents - End of Year	\$ 121,085

Non-Cash Transactions - As a result of prior year adjustments, non-cash transactions were required to reconcile the financial position.

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

NOBLE METROPOLITAN HOUSING AUTHORITY
CAMBRIDGE, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Noble Metropolitan Housing Authority (NMHA or Authority) was created under the Ohio Revised Code Section 3735.27 to engage in the acquisition, development, leasing and administration of a low-rent housing program. An Annual Contributions Contract (ACC) was signed by the Noble Metropolitan Housing Authority and the U.S. Department of Housing and Urban Development (HUD), under the provisions of the United States Housing Act of 1937 (42 U.S.C. 1437) Section 1.1. The Authority was also created in accordance with state law to eliminate housing conditions which are detrimental to the public peace, health, safety, morals, or welfare by purchasing, acquiring, constructing, maintaining, operating, improving, extending, and repairing housing facilities.

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

These criteria were considered in determining the reporting entity.

Basis of Accounting

The accompanying combined financial statements have been prepared on the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred. All transactions are accounted for in a single enterprise fund.

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

Use of Estimates

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

Cash and Cash Equivalents

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

NOBLE METROPOLITAN HOUSING AUTHORITY
CAMBRIDGE, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Tenant Receivables - Recognition of Bad Debts

Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant receivable balances at the end of the year.

Property and Equipment

Property and Equipment is recorded at cost. Costs that materially add to the productive capacity or extend the life of an asset are capitalized while maintenance and repair costs are expensed as incurred.

Useful Lifes

Buildings	40 Years
Land & Building Improvements	15 Years
Equipment	7 Years
Autos	5 Years
Computers	3 Years

Depreciation is recorded on the straight-line method.

Capitalization of Interest

The Authority's policy is not to capitalize interest in the construction or purchase of fixed assets.

Investments

Investments are stated at fair value. Cost-based measures of fair value were applied to nonnegotiable certificates of deposit and money market investments.

Accounting and Reporting for Nonexchange Transactions

For the fiscal year ended March 31, 2002, the Authority has implemented GASB Statement 33, "Accounting and Financial Reporting for Nonexchange Transactions", and GASB Statement 36, "Recipient Reporting for Certain Shared Nonexchange Revenues". At April 1, 2001, there was no effect on fund equity as a result of implementing GASB 33 and GASB 36.

NOTE 2 - CASH AND INVESTMENTS

Cash

State statutes classify monies held by the Authority into three categories.

Active deposits are public deposits necessary to meet demands on the treasury. Such monies must be maintained either as cash in the Authority's Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Authority has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to passbook accounts.

NOBLE METROPOLITAN HOUSING AUTHORITY
 CAMBRIDGE, OHIO
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED MARCH 31, 2002

NOTE 2 - CASH AND INVESTMENTS, continued

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

The Authority's deposits are categorized to give an indication of the level of risk assumed by the entity at year end. Category 1 includes deposits that are insured or collateralized with securities held by the Authority or its safekeeping agent in the Authority's name. Category 2 includes uninsured deposits collateralized with securities held by the pledging financial institution's trust department or safekeeping agent in the Authority's name. Category 3 includes uninsured and uncollateralized with securities held by the pledging institution, or by its trust department or safekeeping agent, but not in the Authority's name.

The following show the Authority's deposits (bank balances) in each category:

- Category 1. . . \$ 100,000 was covered by federal depository insurance.
- Category 2. . . \$ 74,098 was covered by specific collateral pledged by the financial institution in the name of the Authority.

Book Balances at March 31, 2002, were as follows:

	Cash	Investment	Total
Public Housing	\$ 60,098	\$ 51,876	\$ 111,974
Section 8 Vouchers	<u>60,987</u>	<u>-</u>	<u>60,987</u>
Total	<u>\$ 121,085</u>	<u>\$ 51,876</u>	<u>\$ 172,961</u>

Investments

HUD, State Statute and Board Resolutions authorize the Authority to invest in obligations of U.S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository fund, super NOW accounts, sweep accounts, separate trading of registered interest and principal of securities, mutual funds, bonds and other obligations of this State, and the State Treasurer's investment pool. Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority, and must be purchased with the

NOBLE METROPOLITAN HOUSING AUTHORITY
 CAMBRIDGE, OHIO
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED MARCH 31, 2002

NOTE 2 - CASH AND INVESTMENTS, continued

expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of conformation of transfer from the custodian.

The Authority's investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category A includes investments that are insured or registered or for which the securities are held by the Authority or its agent in the Authority's name. Category B includes uninsured and unregistered investments for which the securities are held by the counterparty's Trust department or agent in the Authority's name. Category C includes uninsured and unregistered investments for which securities are held by the counterparty or its Trust department but not in the Authority's name.

The Authority's nonnegotiable certificates of deposit are classified as investments on the balance sheet but are considered as deposits for GASB 3 purposes. Therefore, the categories described above do not apply.

NOTE 3 - PROPERTY AND EQUIPMENT

A summary of property and equipment at March 31, 2002, by class is as follows:

Land	\$ 84,000
Buildings and Building Improvements	1,206,632
Leasehold Improvements	20,776
Furniture, Equipment- Administrative	<u>134,223</u>
 Total	 1,445,631
 Less Accumulated Depreciation	 <u>(382,370)</u>
 Net Property and Equipment	 <u>\$1,063,261</u>

NOTE 4 - ADMINISTRATIVE FEE

The Authority receives an "administrative fee" as part of the annual contribution from HUD to cover the costs (including overhead) of administering the Section 8 Housing Assistance Payments (HAP) Programs. The fee is a percentage of a HUD determined base rate for each unit per month under HAP contracts. The rates are as follows:

Vouchers	
Units per month x \$ 39.25/unit April through September	
Units per month x \$ 40.60/unit October through March	

NOBLE METROPOLITAN HOUSING AUTHORITY
 CAMBRIDGE, OHIO
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED MARCH 31, 2002

NOTE 5 - COMPENSATED ABSENCES

Noble Metropolitan Housing Authority contracts with Cambridge Metropolitan Housing Authority to provide various administrative services. Costs for these services are allocated to the Authority.

At March 31, 2002, \$ 549 was accrued by the Authority for unused vacation time.

NOTE 6 - INSURANCE

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.

The Authority participates in the State Housing Authorities Risk Pool (SHARP), a public entity risk plan that operates as a common risk management and insurance program for housing authorities. The Authority pays insurance premiums directly to SHARP.

The Authority continues to carry commercial insurance for other risks of loss. There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

NOTE 7 - CONTINGENCIES

Litigation and Claims

In the normal course of operations, the Authority may be subject to litigation and claims. At March 31, 2002 the Authority was involved in no matters which management believes would have a material effect on the financial statements.

NOTE 8 - RESTATE BEGINNING EQUITY

Beginning Contributed Capital	\$	175,178
Public Housing		
Correction of Begin Balance		9,336
CIAP		
Soft Costs of CIAP 98		(85,980)
Capital Fund		
Reclassify capital expense		17,970
Ending Contributed Capital	\$	116,504

NOBLE METROPOLITAN HOUSING AUTHORITY
 CAMBRIDGE, OHIO
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED MARCH 31, 2002

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures For The Year Ended</u>
<u>U.S. Department of Housing and Urban Development</u>		
Direct Programs:		
Low Rent Public Housing Program	14.850	\$ <u>67,476</u>
Public Housing- Comprehensive Improvement Assistance Program	14.852 *	<u>352</u>
Capital Fund	14.872	<u>50,430</u>
 Section 8 Tenant Based :		
Section 8 Housing Choice Voucher Program	14.871	<u>307,114</u>
Sub-Total		<u>307,114</u>
 Total Federal Assistance		 \$ <u>425,372</u>

* The Authority received funds under this grant and per REAC instructions must be included using the CFDA # for this program.

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

See Independent Auditors' Report

NOBLE METROPOLITAN HOUSING AUTHORITY

Supplemental Financial Data Schedule

Balance Sheet

As of March 31, 2002

ASSETS	Low Rent Public Housing <u>14.850</u>	Section 8 Housing Vouchers <u>14.871</u>	Capital Fund <u>14.872</u>	<u>TOTAL</u>
Current Assets				
Cash-unrestricted	\$ 59,746	\$ 32,474		\$ 92,220
Cash-restricted for payment of current liab.		24,126		24,126
Cash-other restricted	<u>352</u>	<u>4,387</u>	-	<u>4,739</u>
Total cash	<u>60,098</u>	<u>60,987</u>	-	<u>121,085</u>
Accounts and notes receivables				
Accounts receivable-PHA projects	8,000			8,000
Accounts receivable-HUD other projects	231	29,946	19,756	49,933
Accounts receivable-tenants-dwelling rent	<u>7</u>	-	-	<u>7</u>
Total receivables, net of allowances for uncollectibles	<u>8,238</u>	<u>29,946</u>	<u>19,756</u>	<u>57,940</u>
Current Investments				
Investments-Unrestricted	46,341			46,341
Investments-Restricted	5,535			5,535
Interprogram Due From	<u>18,310</u>			<u>18,310</u>
Total investments	<u>70,186</u>	-	-	<u>70,186</u>
Total current assets	<u>138,522</u>	<u>90,933</u>	<u>19,756</u>	<u>249,211</u>
Noncurrent assets				
Land	84,000			84,000
Buildings	1,187,335		19,297	1,206,632
Furniture, equipment and machinery-admin.	134,223			134,223
Leasehold Improvements	20,776			20,776
Accumulated depreciation	<u>(382,370)</u>	-	-	<u>(382,370)</u>
Total fixed assets, net of accum. depreciation	<u>1,043,964</u>	-	<u>19,297</u>	<u>1,063,261</u>
Total assets	<u>\$ 1,182,486</u>	<u>\$ 90,933</u>	<u>\$ 39,053</u>	<u>\$ 1,312,472</u>
 LIABILITIES AND EQUITY				
Current liabilities				
Accounts payable< 90 days	\$ 6,021	41,620	1,269	\$ 48,910
Accrued wages/payroll taxes payable	1,632	1,010	177	2,819
Accrued compensated absences-Current	435	114		549
Tenant Security Deposits	5,205	4,387		9,592
Deferred Revenues	550	24,126		24,676
Interprogram Due To	-	-	18,310	18,310
Total current liabilities	<u>13,843</u>	<u>71,257</u>	<u>19,756</u>	<u>104,856</u>
Total Liabilities	<u>13,843</u>	<u>71,257</u>	<u>19,756</u>	<u>104,856</u>
 Equity				
Net HUD PHA contributions	96,836	371	1,326	116,504
Undesignated fund balance/retained earnings	<u>1,071,807</u>	<u>1,334</u>	<u>17,971</u>	<u>1,091,112</u>
Total equity	<u>1,168,643</u>	<u>1,705</u>	<u>19,297</u>	<u>1,207,616</u>
Total liabilities & equity	<u>\$ 1,182,486</u>	<u>\$ 72,962</u>	<u>\$ 39,053</u>	<u>\$ 1,312,472</u>

See Independent Auditors' Report

NOBLE METROPOLITAN HOUSING AUTHORITY
CAMBRIDGE, OHIO
SCHEDULE OF REVENUE AND EXPENSE BY PROGRAM
FOR THE YEAR ENDED MARCH 31, 2002

	Low rent Public Housing Program	Comprehensive Improvement Assistance Program	Section 8 Housing Voucher Program	Capital Fund Program	Total
REVENUE					
IIUD Grants	\$ 67,476		\$ 307,114		\$ 374,590
Capital Grants		352		50,430	50,782
Rental Income	32,015				32,015
Investment Income-Unrestricted	<u>2,623</u>	-	<u>195</u>	-	<u>2,818</u>
Total Revenue	102,114	352	307,309	50,430	460,205
EXPENSES					
Housing Assistance Payments			261,413		261,413
Administrative Salaries	27,016	352	23,914	4,150	55,432
Employee Benefits	10,240		5,931	1,205	17,376
Other Administrative Expense	10,523		8,259	22,230	41,012
Tenant Services-Salaries	47				47
Tenant Services-Other	72				72
Material and Labor-Maintenance	20,789		337	2,349	23,475
Contract Services	3,129			2,526	5,655
Utilities	11,249				11,249
General Expenses	1,711		1,561		3,272
Payments in Lieu of Taxes	2,276				2,276
Bad Debt- Tenant Rents	<u>971</u>	-	-	-	<u>971</u>
Total Expenses	<u>88,023</u>	<u>352</u>	<u>301,415</u>	<u>32,460</u>	<u>422,250</u>
Income (Loss) before Depreciation & Other Costs	14,091	-	5,894	17,970	37,955
Depreciation	<u>56,525</u>	-	-	-	<u>56,525</u>
Operating Income (Loss)	\$ (42,434)	\$ -	\$ 5,894	\$ 17,970	\$ (18,570)

See Independent Auditors' Report

NOBLE METROPOLITAN HOUSING AUTHORITY
CAMBRIDGE, OHIO

ACTUAL MODERNIZATION COST CERTIFICATION

At March 31, 2002

1. The Actual Modernization Grant Costs are as follows:

	CIAP Project OHI16-902-95	CIAP Project OHI16-903-96	CIAP Project OHI16-904-97	CIAP Project OHI16-906-99
Funds Approved	\$ 68,500	\$ 64,000	\$ 90,000	\$ 45,825
Funds Expended	68,500	64,000	90,000	45,825
Excess (Deficiency) of Funds Approved	\$ -	\$ -	\$ -	\$ -
Funds Advanced	\$ 68,500	\$ 64,000	\$ 90,000	\$ 45,825
Funds Expended	68,500	64,000	90,000	45,825
Excess (Deficiency) of Funds Advanced	\$ -	\$ -	\$ -	\$ -

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

3. All Modernization/Capital Fund Costs have been paid and all related liabilities have been discharged through payment

See Independent Auditors' Report

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Lexington, Ohio 44904*

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*John E. Slaybaugh III
Certified Public Accountant*

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Commissioners
Noble Metropolitan Housing Authority
Cambridge, Ohio

We have audited the financial statements of Noble Metropolitan Housing Authority, Cambridge, Ohio, as of and for the year ended March 31, 2002, and have issued our report thereon dated September 20, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

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

This report is intended for the information and use of management and the Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.

J. E. Slaybaugh & Associates, Inc.

J. E. Slaybaugh & Associates, Inc.
September 20, 2002

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

Member AICPA
Member OSCP

John E. Slaybaugh III
Certified Public Accountant

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

Board of Commissioners
Noble Metropolitan Housing Authority
Cambridge, Ohio

Compliance

We have audited the compliance of Noble Metropolitan Housing Authority with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended March 31, 2002. Noble Metropolitan Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on Noble Metropolitan Housing Authority's compliance based on our audit.

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

In our opinion, Noble Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended March 31, 2002.

Internal Control Over Compliance

The management of Noble Metropolitan Housing Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of management and the Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.


J.E. Slaybaugh & Associates, Inc.
September 20, 2002

NOBLE METROPOLITAN HOUSING AUTHORITY
CAMBRIDGE, OHIO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

MARCH 31, 2002

PART I - SUMMARY OF AUDITOR'S RESULTS

1. The auditor has issued an unqualified opinion on the financial statements of Noble Metropolitan Housing Authority.
2. There were no reportable conditions in internal control disclosed by the audit of the financial statements.
3. There was no noncompliance material to the financial statements disclosed by the audit.
4. There were no reportable conditions in the internal control over major programs disclosed by the audit.
5. The auditor has issued an unqualified opinion on compliance for major programs for Noble Metropolitan Housing Authority.
6. The audit disclosed no audit findings.
7. The major programs are:
 - Section 8 Housing Vouchers
8. The dollar threshold used to distinguish between Type A and Type B programs was \$ 300,000.
9. The auditor determined that Noble Metropolitan Housing Authority qualified as a low-risk auditee.

PART II - FINDINGS RELATED TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED
TO BE REPORTED IN ACCORDANCE WITH *GAGAS*

1. None

PART III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS INCLUDING AUDIT FINDINGS

1. None



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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NOBLE METROPOLITAN HOUSING AUTHORITY

NOBLE 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
JANUARY 2, 2003**