ASHTABULA METROPOLITAN HOUSING AUTHORITY

BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2003

Auditor of State
Betty Montgomery

Board of Commissioners
Ashtabula Metropolitan Housing Authority

We have reviewed the Independent Auditor's Report of the Ashtabula Metropolitan Housing Authority, Ashtabula County, prepared by James G. Zupka, C.P.A., Inc. for the audit period January 1, 2003 through December 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 Ashtabula Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

September 28, 2004

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FOR THE YEAR ENDED DECEMBER 31, 2003

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Ashtabula Metropolitan Housing Authority
Ashtabula, Ohio

Regional Inspector General of Audit
Department of Housing and Urban Development

We have audited the accompanying financial statements of the Ashtabula Metropolitan Housing Authority as of and for the year ended December 31, 2003, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Ashtabula Metropolitan Housing Authority's management. Our responsibility is to express an opinion on these basic 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 Ashtabula Metropolitan Housing Authority as of December 31, 2003, and the changes in net assets 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 June 25, 2004 on our consideration of the Ashtabula Metropolitan Housing 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.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary Financial Data Schedule is presented for purposes of additional analysis and is not a required part of the financial statements of the Ashtabula Metropolitan Housing Authority. 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 financial statements. The accompanying Statements of Actual Cost Certifications is presented for purposes of additional analysis and are not a required part of the 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 presented in all material respects in relation to the basic financial statements taken as a whole.

James G. Zupka, CPA, Inc.
Certified Public Accountants

June 25, 2004

As management of the Ashtabula Metropolitan Housing Authority, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2003. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

Financial Highlights

- The assets of the Authority exceeded its liabilities at December 31, 2003 by $15,525,728 (net assets.
- The Authority's cash balance at December 31, 2003 was $1,154,191, representing a decrease of $23,630.
- The Authority had intergovernmental revenue of $5,644,529 in HUD operating grants and $1,523,028 of HUD capital grants for the year ended December 31, 2003.

Overview of the Financial Statements

The financial statements included in this annual report are those of a special-purpose government engaged in a business-type activity. The following statements are included:

- Statement of Net Assets - reports the Authority's current financial resources (short-term spendable resources) with capital assets and long-term debt obligations.
- Statement of Revenues, Expenses, and Changes in Net Assets - reports the Authority's operating and non-operating revenue by major sources, along with operating and non-operating expenses and capital contributions.
- Statement of Cash Flows - provides information about how the Authority finances and meets the cash flow needs of its enterprise activity.

Our analysis of the Authority as a whole begins on the next page. The most important question asked about the Authority's finances is, "Is the Authority, as a whole, better or worse off as a result of the year's activities?"

The attached analysis of entity wide net assets, revenues, and expenses are provided to assist with answering the above question. This analysis includes all assets and liabilities using the accrual basis of accounting.

Accrual accounting is similar to the accounting used by most private sector companies. Accrual accounting recognizes revenue and expenses when earned regardless of when cash is received or paid.

Overview of the Financial Statements (Continued)

Our analysis also presents the Authority's net assets and changes in them. You can think of the Authority's net assets as the difference between what the Authority owns (assets) to what the Authority owes (liabilities). The change in net assets analysis will assist the reader with measuring the health or financial position of the Authority.

Significant changes in the Authority's net assets are an indicator of whether its financial health is improving or deteriorating. To fully assess the financial health of any Authority, the reader must also consider other non-financial factors such as change in family composition, fluctuations in the local economy, HUD mandated program administrative changes, and the physical condition of the Authority's capital assets.

Analysis of Entity Wide Net Assets (Statement of Net Assets)

Total assets for fiscal year 2002 was $16,123,062 and at fiscal year 2003 the amount was $16,850,942. This represents an increase of $727,880. Specifically, cash and cash equivalents decreased by $23,630 and capital assets increased by $654,336. The decrease in cash is mainly from the Housing Voucher program incurring more expenses to effectively manage the program. The increase in capital assets resulted from an increase in purchases through the Capital Fund Program.

Current assets increased by $97,174. The receivables due from HUD for the Housing Voucher and Capital Fund programs significantly make up this increase from the previous fiscal year.

Total liabilities decreased by $312,522. The majority of this increase consists of effective grant management where the Authority requisitioned funds in a timely and non-excessive manner.

Non-current liabilities decreased by $49,233. Approximately $33,000 of this decrease represents an adjustment to properly record compensated absences. Compensated absences fluctuate from year to year based on retirements and authorized leave taken by the employees during the year. Also, this category was reduced by the amount of long-term debt that was retired.

Analysis of Entity Wide Net Assets (Statement of Net Assets) (Continued)

The table below (Table 1) illustrates our analysis.

Table 1 - Analysis of Entity Wide Net Assets (Statement of Net Assets)

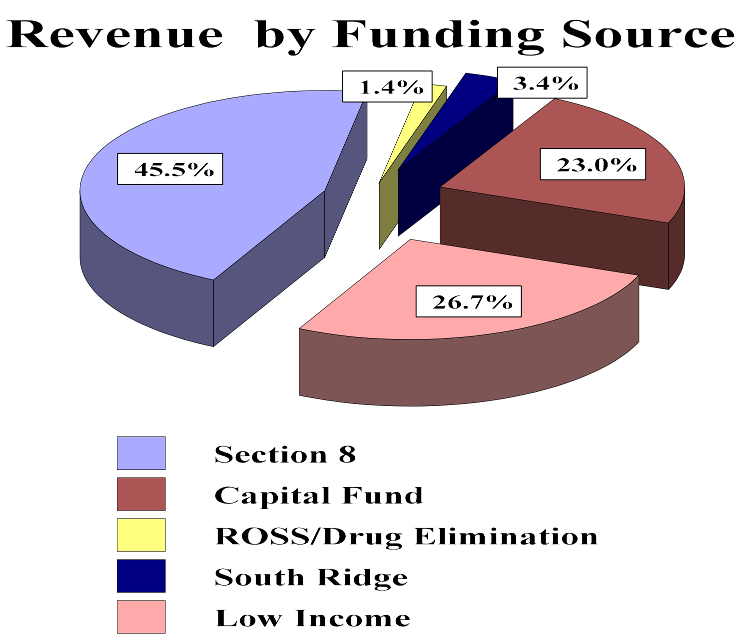
Assets	12/31/03	12/31/02	Amount of Change	Percent of Change
Cash and Cash Equivalents	$ 1,154,191	$ 1,177,821	$ (23,630)	(2.00)%
Current Assets	253,211	156,037	97,174	62.00 %
Capital Assets, Net	15,443,540	14,789,204	654,336	44.00 %
Total Assets	$ 16,850,942	$16,123,062	$ 727,880	5.00 %
Liabilities				
Current Liabilities	$ 420,093	$ 683,382	$ (263,289)	(4.00)%
Non-Current Liabilities	905,091	954,324	(49,233)	(5.00)%
Total Liabilities	1,325,184	1,637,706	(312,522)	(19.00)%
Net Assets				
Invested in Capital Assets, Net of Related Debt	14,659,008	13,963,628	695,380	5.00 %
Unrestricted Net Assets	775,505	430,961	344,544	80.00 %
Restricted Net Assets	91,245	90,767	478	1.00 %
Total Net Assets	15,525,758	14,485,356	1,040,402	7.00 %
Total Liabilities and Net Assets	$ 16,850,942	$ 16,123,062	$ 727,880	5.00 %

The Authority administers several programs. The revenue generated from these programs during fiscal year 2003 were as follows:

Revenues		
Low Income Public Housing		$ 2,188,446
Section 8		
Vouchers	$ 2,668,322	
New Construction	1,054,914	
Subtotal Section 8		3,723,236
Capital Fund		1,885,178
Drug Elimination		101,064
ROSS		14,454
South Ridge Village		279,431
Total Revenue		$ 8,191,809

The following chart illustrates the percentage of revenue generated from these programs by the Authority during fiscal year 2003.

<u>Analysis of Entity Wide Net Assets (Statement of Net Assets)</u> (Continued)



In fiscal year 2003 and fiscal year 2002, total revenues were $8,191,809 and $7,144,361, respectively. Comparatively, fiscal year 2003 revenue was greater than fiscal year 2002 revenue by $1,047,448. Capital grant revenue was the driving force behind the 14.66 percent increase.

Capital grant revenue increased $853,598 or 127.51 percent as compared to fiscal year 2002. The Authority was able to receive more funding so the obligation of all expenditures could be fulfilled on a timely basis.

Investment income decreased by $6,590 or 51.0 percent as compared to fiscal year 2002. Overall, the Authority's cash balance decreased from the previous fiscal year, resulting in less interest to be earned on the cash. Also, due to the declining economy, interest rates dropped, yielding less of a return than normal.

Other income decreased $48,357 or 72.2 percent as compared to fiscal year 2002. The primary reason for this decrease is some income was recorded as other tenant revenue for the current fiscal year.

Administrative expenses decreased $240,102 or 17.4 percent as compared to fiscal year 2002. The Authority was better able to manage administrative costs and decreased two major categories: administrative salaries and other operating administrative expenses.

Analysis of Entity Wide Net Assets (Statement of Net Assets) (Continued)

Budgets
The Authority adopts a consolidated annual operating budget for all programs. The budget for Low Rent Public Housing is adopted on the basis of accounting practices prescribed by the U.S. Department of Housing and Urban Development, which differs is some respects from generally accepted accounting principles.

Table 2 - Budget vs. Actual - Low Rent Public Housing

	2003 Budget	2003 Actual	Net Change	% Change
Revenues				
Tenant Rental Revenue	$ 924,650	$ 855,029	$ (69,621)	(7.53)%
Operating Subsidy	1,407,280	1,269,766	(137,514)	(9.77)%
Investment Income	4,470	1,148	(3,322)	(74.32)%
Other Income and Transfers In	43,500	401,191	357,691	822.28 %
Total Revenues	2,379,900	2,527,134	147,234	6.19 %
Operating Expenses				
Administrative	430,140	583,665	153,525	35.69 %
Tenant Services	14,400	7,025	(7,375)	(51.22)%
Utilities	599,300	511,709	(87,591)	(14.62)%
Maintenance	774,980	664,702	(110,278)	(14.23)%
Protective Services	61,000	101,235	40,235	65.96 %
General	397,900	384,728	(13,172)	(3.31)%
Total Expenses	2,277,720	2,253,064	(24,656)	(1.08)%
Net Income/(Loss)	$ 102,180	$ 274,070	$ 171,890	168.22 %

Protective services increased $9,714 or 10.6 percent as compared to fiscal year 2002. Security rates and fees for personnel and services inclined slightly from the previous fiscal year.

Program budgets for the Housing Choice Vouchers Program are approved by the U.S. Department of Housing and Urban Development.

Table 3 - Budget vs. Actual - Housing Choice Voucher Programs

	2003 Budget	2003 Actual	Net Change	% Change
Revenues				
Housing Assistance Payments	$ 2,306,292	$ 2,359,090	$ 52,798	2.29 %
Administrative Fees	300,659	294,116	(6,543)	(2.18)%
Hard-to-House	2,625	4,050	1,425	54.29 %
Audit Costs	4,000	6,556	2,556	63.90 %
Interest Income	0	4,237	4,237	100.00 %
Total Revenues	2,613,576	2,668,049	54,473	2.08 %
Operating Expenditures				
Housing Assistance Payments	2,306,292	2,359,090	52,798	2.29 %
Accountant Costs	4,000	6,556	2,556	63.90 %
Ongoing Administrative	300,659	284,922	(15,737)	(5.23)%
Total Expenses	2,610,951	2,650,568	39,617	1.52 %
Net Income/(Loss)	$ 2,625	$ 17,481	$ 14,856	100.00 %

Analysis of Entity Wide Net Assets (Statement of Net Assets) (Continued)

Budgets (Continued)
South Ridge Village is a subsidized program financed through the U.S. Department of Agriculture as a rural development. The SRV program budget has the same characteristics of the Low Rent program.

Table 4 - Budget vs. Actual - South Ridge Village Project

	2003 Budget	2003 Actual	Net Change	% Change
Revenues				
Rental Income	$ 262,992	$ 89,729	$ (173,263)	(65.88)%
FmHA Rental Assistance	0	178,228	178,228	100.00 %
Interest Income	440	820	380	86.36 %
Tenant Charges	3,214	329	(2,885)	(89.76)%
Other - Project Sources	6,020	10,325	4,305	71.51 %
Total Revenues	272,666	279,431	6,765	2.48 %
Operating Expenses				
Administrative Expenses	41,719	45,827	4,108	9.85 %
Maintenance	59,089	38,740	(20,349)	(34.44)%
Utilities	47,580	55,424	7,844	16.49 %
General	4,200	6,710	2,510	59.76 %
FmHA Debt Payment	91,608	50,564	(41,044)	(44.80)%
Total Expenses	244,196	197,265	(46,931)	(19.22)%
Net Income/(Loss)	$ 28,470	$ 82,166	$ 53,696	188.61 %

The table below (Table 5) illustrates the changes in net assets.

Table 5 - Analysis of Entity Wide Statement - Changes in Net Assets

	2003	2002	Amount of Change	Percent of Change
Operating Revenue	$ 6,662,444	$ 6,462,004	$ 200,440	3.1 %
Total Operating Expenses before HAP and Depreciation	(2,846,908)	(3,063,626)	216,718	7.1 %
Operating Profit Before HAP and Depreciation	3,815,536	3,398,378	417,158	12.3 %
Housing Assistance Payments	(3,366,017)	(3,303,441)	(62,576)	(1.9)%
Depreciation	(987,352)	(921,454)	(65,898)	(7.2)%
Operating Loss	(537,833)	(826,517)	288,684	34.9 %
Non-Operating Revenues (Expenses)	(44,227)	(39,797)	(4,430)	(11.3)%
Loss Before Contributions and Transfers	(582,060)	(866,314)	284,254	32.8 %
Capital Grants	1,523,028	669,430	853,598	127.5 %
Total Change in Net Assets	$ 940,968	$ (196,884)	$1,137,852	577.9 %

Capital Asset and Debt Administration

Capital Assets
The following table (Table 6) summarizes the changes in capital assets between December 31, 2003 and 2002:

Table 6 - Summary of Changes in Capital Assets

Capital Assets	2003	2002	Net Change	Percentage of Change
Land	$ 1,113,241	$ 1,102,998	$ 10,243	0.9 %
Buildings and Improvements	22,920,558	22,068,884	851,674	3.9 %
Equipment - Dwellings	387,785	358,713	29,072	8.1 %
Equipment - Administration	811,595	578,885	232,710	40.2 %
Accumulated Depreciation	(11,841,732)	(10,862,170)	(979,562)	8.8 %
Construction in Progress	2,052,093	1,541,894	510,199	33.17 %
Net Capital Assets	$ 15,443,540	$ 14,789,204	$ 654,336	4.4 %

The following reconciliation summarizes the change in capital assets:

Beginning Balance	$ 14,789,204
Additions	1,651,695
Deletions	(17,797)
Depreciation	(979,562)
Ending Balance	$15,443,540

This year's major additions are:

Capital Improvements completed on a variety of the Authority's Public Housing complexes	$ 844,620

Debt
As of December 31, 2003, the Authority had $784,532 in outstanding debt related to the South Ridge Village Project. The current portion of the debt is $36,941 and the remaining balance of $747,591 is included in long-term liabilities.

Financial Contact
Questions concerning any of the information provided in this report, or requests for additional information should be addressed to: Mr. James Noyes, Executive Director, Ashtabula Metropolitan Housing Authority, 3600 Lake Avenue, Ashtabula, Ohio 44004.

Respectfully submitted,

James Noyes
Executive Director

Basic Financial Statements

ASHTABULA METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET ASSETS
DECEMBER 31, 2003

ASSETS	
Current Assets	
Cash and Cash Equivalents	$ 969,634
Accounts Receivable - HUD	173,057
Tenant Accounts Receivable, Net	10,214
Accounts Receivable - Miscellaneous	23
Prepaid Expenses	34,357
Inventories	35,560
Total Current Assets	1,222,845
Noncurrent Assets	
Cash and Cash Equivalents - Restricted:	
Tenant Security Deposits	93,312
South Ridge Village Reserve	91,245
Capital Assets, Net	15,443,540
Total Noncurrent Assets	15,628,097
TOTAL ASSETS	$ 16,850,942
LIABILITIES AND EQUITY	
Current Liabilities	
Accounts Payable	$ 104,411
Accounts Payable - HUD	61,136
Accrued Compensated Absences - Current	17,500
Tenant Security Deposits	93,312
Accrued Wages and Payroll Taxes	61,680
Accrued Liabilities - Other	34,332
Deferred Revenues	10,781
Current Portion of Long-Term Debt	36,941
Total Current Liabilities	420,093
Noncurrent Liabilities	
Long-Term Debt	747,591
Accrued Compensated Absences - Net of Current Portion	157,500
Total Noncurrent Liabilities	905,091
Total Liabilities	1,325,184
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	14,659,008
Unrestricted Net Assets	775,505
Restricted Net Assets	91,245
Total Net Assets	15,525,758
TOTAL LIABILITIES AND NET ASSETS	$ 16,850,942

See accompanying notes to the basic financial statements.

ASHTABULA METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2003

Operating Revenues	
HUD Grants	$ 5,644,529
Rental Income	999,336
Other Revenue	18,579
Total Operating Revenues	6,662,444
Operating Expenses	
Housing Assistance Payments	3,366,017
Administrative	1,140,633
Utilities	567,132
Tenant Services	7,025
Maintenance	854,707
Protective Services	101,235
General	176,176
Total Operating Expenses Before Depreciation	6,212,925
Income Before Depreciation	449,519
Depreciation	987,352
Operating Loss	(537,833)
Non-Operating Revenues (Expenses)	
Interest and Investment Revenue	6,337
Interest Expense	(50,564)
Total Non-Operating Revenues (Expenses)	(44,227)
Loss Before Contributions and Transfers	(582,060)
Capital Grants	1,523,028
Change in Net Assets	940,968
Total Net Assets, Beginning of Year	14,485,356
Prior Period Adjustments	99,434
Total Net Assets, Beginning of Year, Restated	14,584,790
Net Assets, End of Year	$ 15,525,758

See accompanying notes to the basic financial statements.

ASHTABULA METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2003

Cash Flows from Operating Activities	
Cash Received from HUD	$ 5,503,598
Cash Received From Tenants	1,027,648
Cash Payments for Housing Assistance	(3,366,017)
Cash Payments for Administrative Expenses	(1,353,360)
Cash Payments for Other Operating Expenses	(1,496,758)
Cash Payments to HUD and Other Governments	(124,803)
Net Cash (Provided) by Operating Activities	190,308
Cash Flows from Capital and Related Financing Activities	
Principal Payments on Debt	(41,044)
Interest on Debt	(50,564)
Acquisition of Capital Assets	(1,651,695)
Capital Grants Received	1,523,028
Net Cash Provided by Capital and Other Related Financing Activities	(220,275)
Cash Flows from Investing Activities	
Interest and Investment Income Received	6,337
Net Cash Provided by Investing Activities	6,337
Net Increase (Decrease) in Cash and Cash Equivalents	(23,630)
Cash and Cash Equivalents, Beginning	1,177,821
Cash and Cash Equivalents, Ending	$ 1,154,191
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities	
Net Operating (Loss)	$ (537,833)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities	
Depreciation	987,352
(Increase) Decrease in:	
Accounts Receivable - HUD	(140,931)
Accounts Receivable - Miscellaneous	464
Tenant Accounts Receivable	13,640
Prepaid Expenses	(3,224)
Inventories	32,877
Increase (Decrease) in:	
Accounts Payable	11,569
Accounts Payable - HUD	(124,803)
Accrued Compensated Absences - Current	(1,127)
Tenants' Security Deposits	(2,803)
Accrued Wages and Payroll Taxes	6,703
Accrued Liabilities - Other	(40,340)
Deferred Revenue (Prepaid Rent)	(1,104)
Accrued Compensated Absences - Long-Term	(10,132)
Net Cash Used by Operating Activities	$ 190,308

See accompanying notes to the basic financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Reporting Entity

The Ashtabula Metropolitan Housing Authority (the 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 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. The Authority has no component units based on the above considerations.

Basis of Presentation

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (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.

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Authority has elected to apply the provisions of Statements and Interpretations of the Financial Accounting Standards Board issued after November 30, 1989 that do not conflict with GASB pronouncements. The Authority will continue applying all applicable pronouncements issued by the Governmental Accounting Standards Board.

The Authority's basic financial statements consist of a statement of net assets, a statement of revenues, expenses, and changes in net assets, and a statement of cash flows.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Basis of Presentation (Continued)
The Authority uses a single enterprise fund to maintain its financial records on an accrual basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Enterprise fund reporting focuses on the determination of the change in net assets, financial position, and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services.

Measurement Focus and Basis of Accounting
The enterprise fund is accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of the Authority are included on the statement of net assets. The statement of changes in net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Authority finances and meets the cash flow needs of its enterprise activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's enterprise fund are charges to tenants for rent and operating subsidies from HUD. Operating expenses for the enterprise fund include the costs of facility maintenance, housing assistance payments, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Capital Assets
Capital assets are 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. Depreciation is computed on the straight line method based on the following estimated useful lives:

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

Capitalization of Interest
The Authority's policy is not to capitalize interest related to the construction or purchase of capital 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.

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 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; and **(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 liability. Information regarding compensated absences is detailed in Note 6.

NOTE 2: DEPOSITS AND INVESTMENTS

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

A. 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.

B. 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.

C. 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.

Governmental Accounting Standards Board Statement No. 3 (GASB No. 3) has established custodial credit risk categories for deposits and investments as follows:

Deposits

Category 1	Insured or collateralized with securities held by the Authority or by its agent in the Authority's name.
Category 2	Collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name.
Category 3	Uncollateralized as defined by the GASB (securities pledged with the pledging financial institution's trust department or agent, but not in the Authority's name).

The carrying amount of the Authority's deposits was $1,154,191 at December 31, 2003. The corresponding bank balances were $1,183,672.

The amount of $291,245 was covered by Federal depository insurance and the remaining deposits were covered by collateralization held by the bank in the Authority's name as required by HUD and are Category 1 deposits.

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

Deposits (Continued)
Book balances by program at December 31, 2003 were as follows:

	Cash	Tenant Security Deposits	Restricted Reserves	Total
Public Housing	$ 301,149	$ 85,314	$ 0	$ 386,463
Section 8 Vouchers	605,993	0	0	605,993
Section 8 New Construction	12,414	0	0	12,414
Rural Rental Housing	50,078	7,998	91,245	149,321
Total	$ 969,634	$ 93,312	$ 91,245	$ 1,154,191

Investments
HUD, State Statute, and Board resolutions authorize the Authority to invest in obligations of the U.S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository funds, super NOW accounts, sweep accounts, separate trading of registered interest and principal of securities, mutual funds, bonds and other obligations of this State, and the State Treasurer's investment pool. Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian. The Authority held no investments at December 31, 2003.

NOTE 3: CAPITAL ASSETS

A summary of capital assets at December 31, 2003 by class is as follows:

	12/31/2002	Increases	Decreases	12/31/2003
Capital Assets Not Being Depreciated				
Land	$ 1,102,998	$ 10,243	$ 0	$ 1,113,241
Construction in Progress	1,541,894	510,199	0	2,052,093
Total Capital Assets Not Being Depreciated	2,644,892	520,442	0	3,165,334
Capital Assets Being Depreciated				
Buildings and Improvements	22,068,884	851,674	0	22,920,558
Furniture, Equipment, and Machinery - Dwellings	358,713	29,072	0	387,785
Furniture, Equipment, and Machinery - Administrative	578,885	250,507	(17,797)	811,595
Subtotal Capital Assets Being Depreciated	23,006,482	1,131,253	(17,797)	24,119,938
Accumulated Depreciation	(10,862,170)	(987,354)	7,792	(11,841,732)
Depreciable Assets, Net	12,144,312	143,899	(10,005)	12,278,206
Total Capital Assets, Net	$ 14,789,204	$ 664,341	$ (10,005)	$15,443,540

NOTE 4: RESTRICTED ASSETS

The Authority's assets restricted as to purpose are as follows:

Cash Held for Tenant Security Deposits	$ 93,312
South Ridge Village Reserve	91,245
Total Restricted Assets	$ 184,557

NOTE 5: PENSION PLAN

Ohio Public Employees Retirement System

The Authority participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of both the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705.

For the year ended December 31, 2003, the members of all three plans were required to contribute 8.5 percent of their annual covered salaries. The Authority's contribution rate for pension benefits for 2003 was 13.55 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Authority's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2003, 2002, and 2001 were $185,464, $198,432, and $124,090 respectively; 100 percent has been contributed for 2003 and 100 percent for 2002 and 2001. Contributions to the member-directed plan for 2003 were $113,128 made by the Authority and $72,336 made by the plan members.

NOTE 6: POST-EMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides post-retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2003 local government employer contribution rate was 13.55 percent of covered payroll; 5.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS' latest actuarial review performed as of December 31, 2002, include a rate of return on investments of 8 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase 4 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 annually.

The number of active contributing participants in the traditional and combined plans was 364,881. Actual employer contributions for 2003 which were used to fund postemployment benefits were $71,741. The actual contribution and the actuarially required contribution amounts are the same. OPERS'net assets available for payment of benefits at December 31, 2002, (the latest information available) were $10.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were $18.7 billion and $8.7 billion, respectively.

In December 2001, the Board adopted the Health Care "Choices" Plan. The Choices Plan will be offered to all persons newly hired in an OPERS covered position after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices will incorporate a cafeteria approach, offering a broader range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care plan. This is in contrast to the ten-year "cliff" eligibility standard for the present Plan.

NOTE 6: **POST-EMPLOYMENT BENEFITS** (Continued)

Ohio Public Employees Retirement System (Continued)
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 their allowance toward specific medical expenses, much like a Medical Spending Account.

In response to the adverse investment returns experienced by OPERS from 2000 through 2002 and the continued staggering rate of health care inflation, the OPERS Board, during 2003, considered extending "Choices" type cost cutting measures to all active members and benefit recipients. As of this date, the Board has not determined the exact changes that will be made to the health care plan. However, changes to the plan are expected to be approved by the summer of 2004.

NOTE 7: **COMPENSATED ABSENCES**

Vacation and sick leave policies are established by the Board of Commissioners based on local and state laws.

All permanent employees will earn 4.6 hours sick leave per eighty (80) hours of service. Unused sick leave may be accumulated without limit. At the time of separation, union employees receive payment for thirty (30) days of unused sick leave. All permanent employees will earn vacation hours accumulated based on length of service. All vacation time earned must be used in the year earned without accumulation.

At December 31, 2003, based on the vesting method, $175,000 was accrued by the Authority for unused vacation and sick time. The current portion is $17,500 and the long term portion is $157,500.

NOTE 8: **INSURANCE**

The Authority is covered for property damage, general liability, automobile liability, law enforcement liability, public officials liability, and other crime liabilities through membership in the State Housing Authority Risk Pool Association, Inc. (SHARP). SHARP is an insurance risk pool comprised of thirty-six (36) Ohio housing authorities, of which Ashtabula is one. Deductibles and coverage limits are summarized below:

NOTE 8: **INSURANCE**

	Deductible	Coverage Limits
Property	$ 2,500	$ 35,000,000 (per location)
Boiler and Machinery	1,000	10,000,000
General Liability	2,500	10,000,000
Automobile	1,000	1,000,000
Law Enforcement	500	1,000,000
Public Officials	2,500	1,000,000

Additionally, Workers' Compensation insurance is maintained through the State of Ohio Bureau of Workers' Compensation, in which rates are calculated retrospectively. The Authority is also fully insured through a premium payment plan with Medical Mutual of Ohio for employee health care benefits. Settled claims have not exceeded the Authority's insurance in any of the past three years.

NOTE 9: **CONTINGENCIES**

The Authority is party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The Authority's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the Authority.

The Authority has received several Federal and state grants for specific purposes which are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, management believes such disallowances, if any, will be immaterial.

NOTE 10: **CHANGES IN ACCOUNTING PRINCIPLES, RECLASSIFICATIONS, AND RESTATEMENT OF PRIOR YEAR'S FUND EQUITY**

Beginning net assets of the Authority were adjusted due to the following:

Prior Year ending Net Assets	$ 14,485,356
Adjustments Due to Correction of Prior Year Accounts Balances	99,434
Adjusted Net Assets at 7/1/03	$ 14,584,790

NOTE 11: **LONG-TERM DEBT**

Long-term debt consists of two term loans payable in the amount of $312,600 at 9 percent and $840,000 at 8 percent, with the Rural Economic and Community Development Services, payable over a period of 50 years. Monthly payments are $2,277 and $5,357, respectively. Interest paid during 2003 was $50,564. The Rural Economic and Community Development Services interest credit is reduced by rent collections by the Authority in excess of maximum contract rates. The balance due at December 31, 2003 was $784,532, of which $36,941 was the current portion.

No amortization schedule of the mortgage note was made available by the lender. Therefore, amounts due in future periods are not presented.

NOTE 12: **CONSTRUCTION AND OTHER COMMITMENTS**

The Authority had no material operating lease commitments, material capital, or construction commitments at December 31, 2003.

ASHTABULA METROPOLITAN HOUSING AUTHORITY
Supplemental Financial Data Schedule
Statement of Net Assets by Program
As of December 31, 2003

Line Item No.	Account Description	N/C S/R Section 8 Programs	Rural Housing and Economic Development	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Public Housing Comprehensive Grant Program	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
ASSETS										
Current Assets:										
111	Cash - Unrestricted	$12,414	$50,078	$301,149	$0	$0	$0	$605,993	$0	$969,634
114	Cash - Tenant Security Deposits	$0	$7,998	$85,314	$0	$0	$0	$0	$0	$93,312
100	Total Cash	$12,414	$58,076	$386,463	$0	$0	$0	$605,993	$0	$1,062,946
122	Accounts Receivable - HUD Other Projects	$0	$0	$0	$0	$0	$2,540	$54,592	$115,925	$173,057
125	Accounts Receivable - Miscellaneous	$0	$0	$23	$0	$0	$0	$0	$0	$23
126	Accounts Receivable - Tenants - Dwelling Rents	$0	$553	$15,526	$0	$0	$0	$0	$0	$16,079
126.1	Allowance for Doubtful Accounts - Dwelling Rents	$0	$0	($5,865)	$0	$0	$0	$0	$0	($5,865)
126.2	Allowance for Doubtful Accounts - Other	$0	$0	$0	$0	$0	$0	$0	$0	$0
120	Total Receivables, net of allowances for doubtful accounts	$0	$553	$9,684	$0	$0	$2,540	$54,592	$115,925	$183,294
132	Investments Restricted	$0	$91,245	$0	$0	$0	$0	$0	$0	$91,245
142	Prepaid Expenses and Other Assets	$0	$1,718	$22,332	$0	$0	$0	$10,307	$0	$34,357
143	Inventories	$0	$0	$35,560	$0	$0	$0	$0	$0	$35,560
143.1	Allowance for Obsolete Inventories	$0	$0	$0	$0	$0	$0	$0	$0	$0
144	Interprogram Due From	$56,725	$0	$141,942	$0	$0	$0	$91,643	$0	$290,310
150	Total Current Assets	$69,139	$151,592	$595,981	$0	$0	$2,540	$762,535	$115,925	$1,697,712
Capital Assets:										
161	Land	$0	$128,500	$974,498	$0	$0	$0	$10,243	$0	$1,113,241
162	Buildings	$0	$1,170,806	$21,749,752	$0	$0	$0	$0	$0	$22,920,558
163	Furniture, Equipment & Machinery - Dwellings	$0	$27,612	$360,173	$0	$0	$0	$0	$0	$387,785
164	Furniture, Equipment & Machinery - Administration	$0	$0	$799,485	$0	$0	$0	$12,110	$0	$811,595
166	Accumulated Depreciation	$0	($687,871)	($11,142,852)	$0	$0	$0	($11,009)	$0	($11,841,732)
167	Construction In Progress	$0	$0	$0	$40,858	$0	$0	$0	$2,011,235	$2,052,093
160	Total Fixed Assets, Net of Accumulated Depreciation	$0	$639,047	$12,741,056	$40,858	$0	$0	$11,344	$2,011,235	$15,443,540
180	Total Non-Current Assets	$0	$639,047	$12,741,056	$40,858	$0	$0	$11,344	$2,011,235	$15,443,540
190	Total Assets	$69,139	$790,639	$13,337,037	$40,858	$0	$2,540	$773,879	$2,127,160	$17,141,252

NOTE: For the basic financial statement presentation, interprogram balances are eliminated. Reclassifications between cash and investments were made on the basic financial statements.

ASHTABULA METROPOLITAN HOUSING AUTHORITY
Supplemental Financial Data Schedule
Statement of Net Assets by Program
As of December 31, 2003

Line Item No.	Account Description	N/C S/R Section 8 Programs	Rural Housing and Economic Development	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Public Housing Comprehensive Grant Program	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
LIABILITIES										
Current Liabilities:										
312	Accounts Payable <= 90 Days	$0	$0	$104,411	$0	$0	$0	$0	$0	$104,411
321	Accrued Wage/Payroll Taxes Payable	$0	$0	$61,680	$0	$0	$0	$0	$0	$61,680
322	Accrued Compensated Absences - Current Portion	$0	$1,345	$13,863	$0	$0	$0	$2,292	$0	$17,500
331	Accounts Payable - HUD PHA Programs	$61,136	$0	$0	$0	$0	$0	$0	$0	$61,136
333	Accounts Payable - Other Government	$0	$0	$34,332	$0	$0	$0	$0	$0	$34,332
341	Tenant Security Deposits	$0	$7,998	$85,314	$0	$0	$0	$0	$0	$93,312
342	Deferred Revenues	$0	$1,330	$9,451	$0	$0	$0	$0	$0	$10,781
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	$0	$36,941	$0	$0	$0	$0	$0	$0	$36,941
347	Interprogram Due To	$88,697	$19,848	$63,300	$0	$0	$2,540	$0	$115,925	$290,310
310	Total Current Liabilities	$149,833	$67,462	$372,351	$0	$0	$2,540	$2,292	$115,925	$710,403
Noncurrent Liabilities:										
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	$0	$747,591	$0	$0	$0	$0	$0	$0	$747,591
354	Accrued Compensated Absences - Non Current	$0	$12,104	$124,772	$0	$0	$0	$20,624	$0	$157,500
350	Total Noncurrent Liabilities	$0	$759,695	$124,772	$0	$0	$0	$20,624	$0	$905,091
300	Total Liabilities	$149,833	$827,157	$497,123	$0	$0	$2,540	$22,916	$115,925	$1,615,494
NET ASSETS										
508.1	Invested in Capital Assets, Net of Related Debt	$0	($145,485)	$12,741,056	$40,858	$0	$0	$11,344	$2,011,235	$14,659,008
511	Total Reserved Fund Balance	$0	$0	$0	$0	$0	$0	$0	$0	$0
511.1	Restricted Net Assets	$0	$91,245	$0	$0	$0	$0	$0	$0	$91,245
512.1	Unrestricted Net Assets	($80,694)	$17,722	$98,858	$0	$0	$0	$739,619	$0	$775,505
513	Total Equity/Net Assets	($80,694)	($36,518)	$12,839,914	$40,858	$0	$0	$750,963	$2,011,235	$15,525,758
600	Total Liabilities and Equity/Net Assets	$69,139	$790,639	$13,337,037	$40,858	$0	$2,540	$773,879	$2,127,160	$17,141,252

NOTE: For the basic financial statement presentation, interprogram balances are eliminated. Reclassifications between cash and investments were made on the basic financial statements.

ASHTABULA METROPOLITAN HOUSING AUTHORITY
Supplemental Financial Data Schedule
Statement of Revenues, Expenses and Change in Net Assets by Program
For the year ended December 31, 2003

Line Item No.	Account Description	N/C S/R Section 8 Programs	Rural Housing and Economic Development	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Public Housing Comprehensive Grant Program	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
REVENUES										
703	Net Tenant Rental Revenue	$0	$89,729	$854,703	$0	$0	$0	$0	$0	$944,432
704	Tenant Revenue - Other	$0	$329	$54,575	$0	$0	$0	$0	$0	$54,904
705	Total Tenant Revenue	$0	$90,058	$909,278	$0	$0	$0	$0	$0	$999,336
										$0
706	HUD PHA Operating Grants	$1,054,782	$178,228	$1,269,766	$67,446	$0	$14,454	$2,664,085	$395,768	$5,644,529
706.1	Capital Grants	$0	$0	$0	$33,618	$0	$0	$0	$1,489,410	$1,523,028
711	Investment Income - Unrestricted	$132	$820	$1,148	$0	$0	$0	$4,237	$0	$6,337
715	Other Revenue	$0	$10,325	$8,254	$0	$0	$0	$0	$0	$18,579
700	Total Revenue	$1,054,914	$279,431	$2,188,446	$101,064	$0	$14,454	$2,668,322	$1,885,178	$8,191,809
EXPENSES										
911	Administrative Salaries	$4,180	$16,336	$391,794	$0	$0	$0	$100,317	$0	$512,627
912	Auditing Fees	$274	$434	$7,603	$0	$0	$0	$6,556	$0	$14,867
914	Compensated Absences	$0	$8,482	$5,310	$0	$0	$0	($25,050)	$0	($11,258)
915	Employee Benefit Contributions - Administrative	$1,222	$6,545	$141,739	$0	$0	$0	$29,305	$0	$178,811
916	Other Operating - Administrative	$5,716	$14,030	$149,670	$67,446	$0	$14,454	$137,190	$57,080	$445,586
924	Tenant Services - Other	$0	$0	$7,025	$0	$0	$0	$0	$0	$7,025
931	Water	$0	$13,561	$152,874	$0	$0	$0	$0	$0	$166,435
932	Electricity	$0	$22,793	$191,983	$0	$0	$0	$0	$0	$214,776
933	Gas	$0	$19,070	$82,847	$0	$0	$0	$0	$0	$101,917
938	Other Utilities Expense	$0	$0	$84,004	$0	$0	$0	$0	$0	$84,004
941	Ordinary Maintenance and Operations - Labor	$0	$10,852	$319,426	$0	$0	$0	$0	$0	$330,278
942	Ordinary Maintenance and Operations - Materials and Other	$24	$2,276	$162,647	$0	$0	$0	$589	$0	$165,536
943	Ordinary Maintenance and Operations - Contract Costs	$0	$25,612	$215,507	$0	$0	$0	$2,216	$0	$243,335
945	Employee Benefit Contributions - Ordinary Maintenance	$0	$0	$115,558	$0	$0	$0	$0	$0	$115,558
952	Protective Services - Other Contract Costs	$0	$0	$101,235	$0	$0	$0	$0	$0	$101,235
961	Insurance Premiums	$1,610	$6,710	$87,233	$0	$0	$0	$38,651	$0	$134,204
962	Other General Expenses	$71	$0	$0	$0	$0	$0	$1,704	$0	$1,775
963	Payments in Lieu of Taxes	$0	$0	$34,332	$0	$0	$0	$0	$0	$34,332
964	Bad Debt - Tenant Rents	$0	$0	$5,865	$0	$0	$0	$0	$0	$5,865
967	Interest Expense	$0	$50,564	$0	$0	$0	$0	$0	$0	$50,564
969	Total Operating Expenses	$13,097	$197,265	$2,256,652	$67,446	$0	$14,454	$291,478	$57,080	$2,897,472
970	Excess Operating Revenue over Operating Expenses	$1,041,817	$82,166	($68,206)	$33,618	$0	$0	$2,376,844	$1,828,098	$5,294,337

ASHTABULA METROPOLITAN HOUSING AUTHORITY
Supplemental Financial Data Schedule
Statement of Revenues, Expenses and Change in Net Assets by Program
For the year ended December 31, 2003

Line Item No.	Account Description	N/C S/R Section 8 Programs	Rural Housing and Economic Development	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Public Housing Comprehensive Grant Program	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
973	Housing Assistance Payments	$1,006,927	$0	$0	$0	$0	$0	$2,359,090	$0	$3,366,017
974	Depreciation Expense	$0	$47,583	$937,347	$0	$0	$0	$2,422	$0	$987,352
900	Total Expenses	$1,020,024	$244,848	$3,193,999	$67,446	$0	$14,454	$2,652,990	$57,080	$7,250,841
1001	Operating Transfers In	$0	$0	$338,688	$0	$0	$0	$0	$0	$338,688
1002	Operating Transfers Out	$0	$0	$0	$0	$0	$0	$0	($338,688)	($338,688)
1010	Total Other Financing Sources (Uses)	$0	$0	$338,688	$0	$0	$0	$0	($338,688)	$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	$34,890	$34,583	($1,005,553)	$33,618	$0	$0	$15,332	$1,828,098	$940,968
1102	Debt Principal Payments - Enterprise Funds	$0	$29,200	$0	$0	$0	$0	$0	$0	$29,200
1103	Beginning Equity	($184,177)	($71,101)	$12,463,109	$0	$1,010,411	$0	$735,631	$531,483	$14,485,356
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	$68,593	$0	$1,043,670	$7,240	($1,010,411)	$0	$0	($9,658)	$99,434
1113	Maximum Annual Contributions Commitment (Per ACC)	$926,924	$0	$0	$0	$0	$0	$867,109	$0	$1,794,033
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	$0	$0	$0	$0	$0	$0	$1,792,032	$0	$1,792,032
1115	Contingency Reserve, ACC Program Reserve	$335,219	$0	$0	$0	$0	$0	$159,851	$0	$495,070
1116	Total Annual Contributions Available	$1,262,143	$0	$0	$0	$0	$0	$2,818,992	$0	$4,081,135
										$0
1120	Unit Months Available	2,076	480	6,996	0	0	0	6,252	0	15,804
1121	Number of Unit Months Leased	2,076	480	6,886	0	0	0	5,808	0	15,250

ASHTABULA METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2003

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Expenditures
U.S. Department of Housing and Urban Development		
Direct Programs:		
Public Housing Programs		
Low Rent Public Housing Program	14.850	$ 1,269,766
Resident Opportunity and Supportive Services	14.870	14,454
Capital Fund Program	14.872	1,885,178
Drug Elimination Program	14.854	101,064
Total Public Housing Programs		3,270,462
Section 8 Tenant Based Programs		
Tenant Based Program:		
Section 8 Housing Choice Voucher Program	14.871	2,664,085
Project Based Program:		
New Construction Section 8 Program	14.182	1,054,782
Total Section 8 Tenant and Project Based Programs		3,718,867
Rural Housing and Economic Development	14.250	178,228
Total Federal Assistance		$ 7,167,557

This schedule is prepared on the accrual basis of accounting.

ASHTABULA METROPOLITAN HOUSING AUTHORITY
ACTUAL DRUG ELIMINATION COST CERTIFICATION
AT DECEMBER 31, 2003

1. The actual FY 2000 Public Housing Drug Elimination Grant costs are as follows:

	DE Project OHDEP0290100
Funds Approved	$ 134,095
Funds Expended	134,095
Excess (Deficiency) of Funds Approved	$ 0
Funds Advanced	$ 134,095
Funds Expended	134,095
Excess (Deficiency) of Funds Advanced	$ 0
Date Submitted - 10/20/01	

2. The distribution of costs as shown on the Financial Status Report of Grant Expenditures submitted to HUD for approval are in agreement with the Authority's records.

3. All grant costs have been paid and all related liabilities have been discharged through payment.

ASHTABULA METROPOLITAN HOUSING AUTHORITY
ACTUAL MODERNIZATION COST CERTIFICATION
AT DECEMBER 31, 2003

1. The actual FY 2000 Public Housing Resident Opportunity and Self-Sufficiency Grant costs are as follows:

	DE Project OH00RSV029P0039
Funds Approved	$ 41,900
Funds Expended	41,900
Excess (Deficiency) of Funds Approved	$ 0
Funds Advanced	$ 41,900
Funds Expended	41,900
Excess (Deficiency) of Funds Advanced	$ 0
Date Submitted - 10/20/01	

2. The distribution of costs as shown on the Financial Status Report Grant expenditures submitted to HUD for approval are in agreement with the Authority's records.

3. All grant costs have been paid and all related liabilities have been discharged through payment.

JAMES G. ZUPKA, C.P.A., INC.
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Member American Institute of Certified Public Accountants (216) 475 - 6136 Ohio Society of Certified Public Accountants

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
Ashtabula Metropolitan Housing Authority
Ashtabula, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited the basic financial statements of the Ashtabula Metropolitan Housing Authority as of and for the year ended December 31, 2003, and have issued our report thereon dated June 25, 2004. 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 Ashtabula 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 Ashtabula 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 solely for the information and use of the Board of Directors, management, 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.

James G. Zupka, CPA, Inc.
Certified Public Accountants

June 25, 2004

JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
5240 East 98th Street
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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
Ashtabula Metropolitan Housing Authority
Ashtabula, Ohio

Regional Inspector General of Audit
Department of Housing and Urban Development

Compliance

We have audited the compliance of the Ashtabula Metropolitan Housing Authority with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133* that are applicable to each of its major Federal programs for the year ended December 31, 2003. Ashtabula Metropolitan Housing Authority's major Federal programs are identified in the Summary of Auditor's Results 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 the Ashtabula Metropolitan Housing Authority's management. Our responsibility is to express an opinion on Ashtabula 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.* 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 the Ashtabula 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 Ashtabula Metropolitan Housing Authority's compliance with those requirements.

In our opinion, Ashtabula Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended December 31, 2003.

Internal Control Over Compliance
The management of the Ashtabula 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 Ashtabula Metropolitan Housing 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, Auditor of State, and Federal awarding agencies and is not intended to be used by anyone other than these specified parties.

James G. Zupka, CPA, Inc.
Certified Public Accountants

June 25, 2004

ASHTABULA METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 & .505
DECEMBER 31, 2003

1. SUMMARY OF AUDITOR'S RESULTS

2003(i)	Type of Financial Statement Opinion	Unqualified
2003(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
2003(ii)	Were there any other reportable control weakness conditions reported at the financial statements level (GAGAS)?	No
2003(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2003(iv)	Were there any material internal control weakness conditions reported for major Federal programs?	No
2003(iv)	Were there any other reportable internal control weakness conditions reported for major Federal programs?	No
2003(v)	Type of Major Programs' Compliance Opinion	Unqualified
2003(vi)	Are there any reportable findings under .510?	No
2003(vii)	Major Programs (list):	Section 8 Housing Choice Voucher CFDA #14.871 Public Housing Capital Fund Program CFDA #14.872
2003(viii)	Dollar Threshold: Type A\B Programs	Type A: >$300,000 Type B: > all others
2003(ix)	Low Risk Auditee?	Yes

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

   None.

3. **FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

   None.

Auditor of State
Betty Montgomery

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ASHTABULA METROPOLITAN HOUSING AUTHORITY

ASHTABULA 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
OCTOBER 14, 2004