

**GENERAL PURPOSE
FINANCIAL STATEMENTS**

of the

**BROWN METROPOLITAN
HOUSING AUTHORITY**

for the

Year Ended March 31, 2004



**Auditor of State
Betty Montgomery**

Board of Directors
Brown Metropolitan Housing Authority
200 South Green St.
Georgetown, OH 45121

We have reviewed the Independent Auditor's Report of the Brown Metropolitan Housing Authority, Brown County, prepared by Jones, Cochenour & Co., for the audit period April 1, 2003 through March 31, 2004. 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 Brown Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

October 25, 2004

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**BROWN METROPOLITAN HOUSING AUTHORITY
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Brown Metropolitan Housing Authority
Georgetown, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited the accompanying general purpose financial statements of Brown Metropolitan Housing Authority, as of and for the year ended March 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of the Brown Metropolitan Housing Authority's management. Our responsibility is to express an opinion on these general purpose 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 general purpose financial statements referred to above present fairly, in all material respects, the financial position of Brown Metropolitan Housing Authority, as of March 31, 2004, and the results of its operations and the cash flows of its proprietary fund type activities for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 30, 2004 on our consideration of Brown 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.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Brown Metropolitan Housing Authority. The financial data schedule ("FDS") and cost certifications are presented for purposes of additional analysis as required by the Department of Housing and Urban Development and are not a required part of the 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.

Jones, Cochenour & Co.
June 30, 2004

**BROWN METROPOLITAN HOUSING AUTHORITY
BALANCE SHEET
PROPRIETARY FUND TYPE
ENTERPRISE FUND
MARCH 31, 2004**

ASSETS

Cash and cash equivalents	\$	38,858
Accounts receivable - HUD		9,700
Accounts receivable - miscellaneous		1,061
Due from other programs		<u>738</u>

TOTAL CURRENT ASSETS 50,357

FIXED ASSETS - NET OF ACCUMULATED DEPRECIATION 1,409,428

TOTAL ASSETS \$ 1,459,785

LIABILITIES AND EQUITY

Accounts payable	\$	15,253
Accounts payable - other government		398
Tenant security deposits		5,025
Deferred revenues		118
Due to other programs		<u>738</u>

TOTAL CURRENT LIABILITIES 21,532

TOTAL LIABILITIES 21,532

EQUITY

Contributed capital		1,554,050
Undesignated retained earnings		<u>(115,797)</u>

TOTAL EQUITY 1,438,253

TOTAL LIABILITIES AND EQUITY \$ 1,459,785

See accompanying notes to the general purpose financial statements

BROWN METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN EQUITY
PROPRIETARY FUND TYPE
ENTERPRISE FUND
Year Ended March 31, 2004

OPERATING REVENUE	
Program operating grants/subsidies	\$ 283,438
Other revenue	1,109
Tenant revenue	<u>13,430</u>
TOTAL OPERATING REVENUE	297,977
 OPERATING EXPENSES	
Housing assistance payments	127,206
Administrative contract services	75,000
Utilities	9,446
Maintenance	43,629
Auditing fees	2,888
Other operating - administrative	37,712
Insurance premiums	4,809
General	398
Depreciation expense	<u>42,813</u>
TOTAL OPERATING EXPENSES	<u>343,901</u>
NET OPERATING (LOSS)	(45,924)
 NON-OPERATING REVENUE	
Interest income	<u>1,142</u>
NET LOSS	(44,782)
BEGINNING EQUITY	1,599,222
 PRIOR PERIOD ADJUSTMENTS	 <u>(116,187)</u>
BEGINNING EQUITY, RESTATED	<u>1,483,035</u>
ENDING EQUITY	<u><u>\$ 1,438,253</u></u>

See accompanying notes to the general purpose financial statements

BROWN METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
ENTERPRISE FUND
Year Ended March 31, 2004

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from HUD	\$ 283,438
Cash received from tenants	14,539
Cash payments for housing assistance payments	(127,206)
Cash payments for administrative	(192,222)
	(21,451)
NET CASH USED BY OPERATING ACTIVITIES	
	(21,451)
 CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment activity	2,015
	2,015
 DECREASE IN CASH AND CASH EQUIVALENTS	
	(19,436)
 CASH AND CASH EQUIVALENTS, BEGINNING	
	58,294
 CASH AND CASH EQUIVALENTS, ENDING	
	\$ 38,858
 RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Net operating (loss)	\$ (45,924)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation	42,813
(Increase) decrease in:	
Intergovernmental receivables	
Receivables HUD - net of allowance	(9,592)
Tenant account receivable - net of allowance	(765)
Due from other programs	(630)
Accrued interest receivable	(91)
Increase (decrease) in:	
Accounts payable	4,382
Accounts payable - HUD	(11,983)
Tenant security deposits	(225)
Due to other programs	630
Deferred revenue	(66)
	(66)
NET CASH USED BY OPERATING ACTIVITIES	
	\$ (21,451)

See accompanying notes to the general purpose financial statements

**BROWN METROPOLITAN HOUSING AUTHORITY
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

The financial statements of the Brown Metropolitan Housing Authority (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. The more significant of the Authority’s accounting policies are described below.

Reporting Entity

The Authority was created under the Ohio Revised Code, Section 3735.27. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate.

The accompanying general purpose financial statements comply with the provision of GASB Statement 14, the Financial Reporting Entity, in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

Section 2100 indicates that the reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.

It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization’s government body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization’s resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Management believes the financial statements included in this report represent all of the funds of the Authority over which the Authority is financially accountable.

Fund Accounting

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

**BROWN METROPOLITAN HOUSING AUTHORITY
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Funds are classified into three categories: governmental, proprietary and fiduciary. The Authority uses the proprietary category for its programs.

Proprietary Fund Types

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

Enterprise Fund – This fund is used to account for the operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Measurement Focus/Basis of Accounting

The proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. Pursuant to GASB Statement No. 20 *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the Authority follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements.

Investments

Investments are restricted by the provisions of the HUD Regulations (See Note 2). Investments are valued at market value. Interest income earned in fiscal year 2004 for all programs totaled \$1,142. The interest income earned on the general fund investments in the Section 8 Program is required to be returned to HUD, and this amount was \$85 for the year ended March 31, 2004.

Fixed Assets

Fixed assets are stated at cost and depreciation is computed using the straight line method over an estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized. The following are the useful lives used for depreciation purposes:

Buildings – residential	27.5 – 40 years
Equipment – office	5 – 10 years

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

Budgetary Accounting

The Authority annually prepares its budget as prescribed by the Department of Housing and Urban Development. This budget is submitted to the Department of Housing and Urban Development and once approved is adopted by the Board of the Housing Authority.

Estimates

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

**BROWN METROPOLITAN HOUSING AUTHORITY
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accounting and Reporting for Nonexchange Transactions

The Authority adopted GASB 33 effective for the year ended March 31, 2002. Nonexchange transactions occur when the Public Housing Authority (PHA) receives (or gives) value without directly giving (or receiving) equal value in return. GASB 33 identifies four classes of nonexchange transactions as follows:

- **Derived tax revenues:** result from assessments imposed on exchange transactions (i.e., income taxes, sales taxes and other assessments on earnings or consumption).
- **Imposed nonexchange revenues:** result from assessments imposed on nongovernmental entities, including individuals, other than assessments on exchange transactions (i.e. property taxes and fines).
- **Government-mandated nonexchange transactions:** occur when a government at one level provides resources to a government at another level and requires the recipient to use the resources for a specific purpose (i.e., federal programs that state or local governments are mandated to perform).
- **Voluntary nonexchange transactions:** result from legislative or contractual agreements, other than exchanges, entered into willingly by the parties to the agreement (i.e., certain grants and private donations).

PHA grants and subsidies will be defined as a government-mandated or voluntary nonexchange transactions.

GASB 33 establishes two distinct standards depending upon the kind of stipulation imposed by the provider.

- **Time requirements** specify (a) the period when resources are required to be used or when use may begin (for example, operating or capital grants for a specific period) or (b) that the resources are required to be maintained intact in perpetuity or until a specified date or event has occurred (for example, permanent endowments, term endowments, and similar agreements). Time requirements affect the timing of recognition of nonexchange transactions.
- **Purpose restrictions** specify the purpose for which resources are required to be used. (i.e. capital grants used for the purchase of capital assets). Purpose restrictions do not affect when a nonexchange transaction is recognized. However, PHAs that receive resources with purpose restrictions should report resulting net assets, equity, or fund balance as restricted.

The PHA will recognize assets (liabilities) when all applicable eligibility requirements are met or resources received whichever is first. Eligibility requirements established by the provider may stipulate the qualifying characteristics of recipients, time requirements, allowable costs, and other contingencies.

The PHA will recognize revenues (expenses) when all applicable eligibility requirements are met. For transactions that have a time requirement for the beginning of the following period, PHAs should record resources received prior to that period as deferred revenue and the provider of those resources would record an advance.

The PHA receives government-mandated or voluntary nonexchange transactions, which do not specify time requirements. Upon award, the entire subsidy should be recognized as a receivable and revenue in the period when applicable eligibility requirements have been met.

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.

**BROWN METROPOLITAN HOUSING AUTHORITY
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**

2. CASH AND INVESTMENTS - CONTINUED

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.

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, but 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.

Deposits: The carrying amount of the Authority's deposits totaled \$38,858 (includes tenant security deposits). The corresponding bank balances totaled \$39,694.

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

Category 1:	\$39,694 was covered by federal depository insurance
Category 2:	\$0 was covered by specific collateral pledged by the financial institution in the name of the Authority.

3. NOTE TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

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

4. INSURANCE AND RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters.

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.

**BROWN METROPOLITAN HOUSING AUTHORITY
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**

4. INSURANCE AND RISK MANAGEMENT - CONTINUED

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.

5. FIXED ASSETS

The following is a summary:

Land		\$	1,049
Buildings			1,752,740
Furniture and equipment - dwellings			16,100
Furniture and equipment - administrative			21,705
			1,791,594
Accumulated depreciation			(382,166)
			NET FIXED ASSETS
		\$	1,409,428

The following is a summary of changes:

	Balance March 30, 2003	Additions / Reclass	Deletions / Corrections	Balance March 30, 2004
Land	\$ 1,049	\$ -	\$ -	\$ 1,049
Buildings	1,802,195	83,343	132,798	1,752,740
Furniture and equipment - dwellings	18,533	-	2,433	16,100
Furniture and equipment - administrative	19,576	2,129	-	21,705
Construction in progress	26,403	-	26,403	-
	TOTAL FIXED ASSETS	\$ 85,472	\$ 161,634	\$ 1,791,594
	\$ 1,867,756	\$ 85,472	\$ 161,634	\$ 1,791,594

The depreciation expense for the year ended March 31, 2004 was \$42,813.

6. CONTRACT SERVICES

The authority contracts with:

- Adams Brown Counties Economic Opportunities Inc. to provide financial services for the housing authority. The authority does not have any employees; instead, services are subcontracted from Adams Brown Counties Economic Opportunities Inc..
- Adams Brown Counties Economic Opportunities Inc. to provide management and financial reporting services. Compensation shall be based on the amount allowed by HUD for performing these services.

**BROWN METROPOLITAN HOUSING AUTHORITY
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**

7. FDS SCHEDULE SUBMITTED TO HUD

For the fiscal year ended March 31, 2004, the Authority electronically submitted an unaudited version of the combining balance sheet, statement of revenues, expenses and changes in retained earnings and other data to HUD as required on the GAAP basis. The audited version of the FDS schedules are on pages 11-12. The schedules are presented in the manner prescribed by Housing and Urban Development. These schedules can be used to tie the total assets and liabilities into the combined statements.

8. RESTATEMENT OF BEGINNING EQUITY

	<u>Total</u>	<u>Contributed Capital</u>	<u>Undesignated Retained Earnings</u>
Beginning equity	\$ 1,599,222	\$ 1,554,050	\$ 45,172
Correction of CIAP, development and CFP assets	(116,639)	-	(116,639)
Miscellaneous adjustment	<u>452</u>	<u>-</u>	<u>452</u>
BEGINNING EQUITY, RESTATED	1,483,035	1,554,050	(71,015)
Net loss	<u>(44,782)</u>	<u>-</u>	<u>(44,782)</u>
ENDING EQUITY	<u>\$ 1,438,253</u>	<u>\$ 1,554,050</u>	<u>\$ (115,797)</u>

BROWN METROPOLITAN HOUSING AUTHORITY
PROPRIETARY FUND TYPE
ENTERPRISE FUND
BALANCE SHEET
March 31, 2004

FDS Line Item	Account Description	14.850 Public Housing	14.872 Capital Grant	14.855 Section 8 Voucher	TOTAL
ASSETS					
111	Cash - unrestricted	\$ 38,609	\$ -	\$ 249	\$ 38,858
100	TOTAL CASH	38,609	-	249	38,858
122	Accounts receivable - HUD other proj	-	-	9,700	9,700
125	Accounts Receivable - Misc	47	-	-	47
126	A/R Tenants - dwelling rents	923	-	-	923
126.1	Allowance for doubtful accts	-	-	-	-
129	Accrued Interest Receivable	91	-	-	91
120	TOTAL ACCOUNTS RECEIVABLE	1,061	-	9,700	10,761
131	Investments - unrestricted	-	-	-	-
144	Interprogram due from	-	738	-	738
150	TOTAL CURRENT ASSETS	39,670	738	9,949	50,357
161	Land	1,049	-	-	1,049
162	Buildings	1,669,397	83,343	-	1,752,740
163	Furniture and equipment - dwellings	16,100	-	-	16,100
164	Furniture and equipment - admin	18,533	500	-	19,033
167	Construction in progress	-	-	-	-
166	Accumulated depreciation	(378,416)	(1,078)	-	(379,494)
160	TOTAL FIXED ASSETS, NET	1,326,663	82,765	-	1,409,428
180	TOTAL NON-CURRENT ASSETS	1,326,663	82,765	-	1,409,428
190	TOTAL ASSETS	\$ 1,366,333	\$ 83,503	\$ 9,949	\$ 1,459,785
LIABILITIES					
312	Accounts payable <=90 days	\$ 1,420	\$ 738	\$ 13,095	\$ 15,253
313	Accounts payable > 90 days past due	-	-	-	-
331	programs	-	-	-	-
333	Accounts payable - other govt	398	-	-	398
341	Tenant security deposits	5,025	-	-	5,025
342	Deferred Revenues	118	-	-	118
347	Interprogram due to	-	-	738	738
310	TOTAL CURRENT LIABILITIES	6,961	738	13,833	21,532
300	TOTAL LIABILITIES	6,961	738	13,833	21,532
513	TOTAL EQUITY	1,359,372	82,765	(3,884)	1,438,253
600	TOTAL LIABILITIES AND EQUITY	\$ 1,366,333	\$ 83,503	\$ 9,949	\$ 1,459,785

See independent auditors' report

BROWN METROPOLITAN HOUSING AUTHORITY
PROPRIETARY FUND TYPE
ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
Year Ended March 31, 2004

FDS Line Item No.	Account Description	14.850 Public Housing	14.872 Capital Grant	14.855 Section 8 Voucher	TOTAL
	REVENUE				
703	Net tenant revenue	\$ 12,176	\$ -	\$ -	\$ 12,176
704	Tenant revenue - other	1,254	-	-	1,254
705	TOTAL TENANT REVENUE	13,430	-	-	13,430
706	PHA HUD grants	\$ 63,834	\$ 13,664	\$ 148,500	\$ 225,998
706.1	Capital contributions	-	57,440	-	57,440
711	Investment income - unrestricted	1,057	-	85	1,142
715	Other revenue	1,109	-	-	1,109
	TOTAL REVENUE	79,430	71,104	148,585	299,119
	EXPENSES				
912	Auditing fees	1,500	-	1,388	2,888
913	Outside management fees	75,000	-	-	75,000
916	Other operating - administrative	11,526	6,405	19,781	37,712
931	Water	9,446	-	-	9,446
942	Ord maintenance/op - materials	18,161	-	-	18,161
943	Ord maintenance/op - cont costs	25,468	-	-	25,468
961	Insurance premiums	4,809	-	-	4,809
963	PILOT	398	-	-	398
964	Bad debts - tenant rents	-	-	-	-
969	TOTAL OPERATING EXPENSES	146,308	6,405	21,169	173,882
970	EXCESS OPERATING REVENUE OVER EXPENSES	(66,878)	64,699	127,416	125,237
973	Housing Assistance Payments	-	-	127,206	127,206
974	Depreciation expense	41,735	1,078	-	42,813
900	TOTAL EXPENSES	188,043	7,483	148,375	343,901
1001	Operating transfers in	7,259	(7,259)	-	-
1000	EXCESS OF REVENUE OVER EXPENSES	(101,354)	56,362	210	(44,782)
1103	Beginning equity	1,577,365	26,403	(4,546)	1,599,222
1104	Prior period adj/equity transfers	(116,639)	-	452	(116,187)
	ENDING EQUITY	\$ 1,359,372	\$ 82,765	\$ (3,884)	\$ 1,438,253

See independent auditors' report

**BROWN METROPOLITAN HOUSING AUTHORITY
COST CERTIFICATIONS
March 31, 2004**

Capital Fund Project Number OH16PO81-501-00:

Operations	\$ 4,320
Management improvements	4,121
Administration	2,500
Fees and costs	1,545
Site improvement	29,406
Dwelling structure	1,120
Non-dwelling structure	<u>186</u>
TOTAL EXPENDED	<u>\$ 43,198</u>
TOTAL RECEIVED	<u>\$ 43,198</u>

Capital Fund Project Number OH16PO81-501-01:

Operations	\$ 4,390
Management improvements	3,301
Administration	4,390
Fees and costs	1,029
Site improvement	4,001
Dwelling structure	<u>26,790</u>
TOTAL EXPENDED	<u>\$ 43,901</u>
TOTAL RECEIVED	<u>\$ 43,901</u>

Capital Fund Project Number OH16PO81-501-02:

Operations	\$ 4,177
Management improvements	4,177
Administration	4,177
Fees and costs	2,400
Dwelling structure	19,000
Non-dwelling structure	<u>7,848</u>
TOTAL EXPENDED	<u>\$ 41,779</u>
TOTAL RECEIVED	<u>\$ 41,779</u>

1. The actual modernization cost certificates were signed and filed on April 22, 2004.
2. The final costs on the certificate agrees to the Authority's records.

See independent auditor's report



**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
Brown Metropolitan Housing Authority
Georgetown, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited the general purpose financial statements of Brown Metropolitan Housing Authority as of and for the year ended March 31, 2004, and have issued our report thereon dated June 30, 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 Brown 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 Brown 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. We noted other matters that have been reported to management in a separate letter dated June 30, 2004.

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.

Jones, Cochenour & Co.
June 30, 2004



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

BROWN METROPOLITAN HOUSING AUTHORITY

BROWN 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
NOVEMBER 9, 2004**