

**JACKSON METROPOLITAN HOUSING AUTHORITY
WELLSTON, OHIO**

**REPORT ON EXAMINATION OF FINANCIAL
STATEMENTS AND SUPPLEMENTAL DATA FOR THE
YEAR ENDED SEPTEMBER 30, 2001**

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



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JIM PETRO, AUDITOR OF STATE

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Board of Commissioners
Jackson Metropolitan Housing Authority
P.O. Box 619
Wellston, OH 45692

We have reviewed the independent auditor's report of the Jackson Metropolitan Housing Authority, Jackson County, prepared by J. E. Slaybaugh & Associates, Inc., for the audit period October 1, 2000 through September 30, 2001. 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 Jackson Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

April 10, 2002

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JACKSON METROPOLITAN HOUSING AUTHORITY
WELLSTON, OHIO

FOR THE YEAR ENDED SEPTEMBER 30, 2001

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Balance Sheet, September 30, 2001	2
Statement of Revenues, Expenses and Changes in Equity	3
Statement of Cash Flows	4
Notes to Financial Statements	5-10
Schedule of Expenditures of Federal Awards	11
Supplemental Financial Data	
Balance Sheet	12-13
Statement of Revenue and Expense	14
Schedule of Activity	15
Actual Modernization Cost Certification	16
Independent Auditors' report on Compliance on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	17
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	18-19
Schedule of Findings and Questioned Costs	20

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

Member AICPA
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John E. Slaybaugh III
Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Jackson Metropolitan Housing Authority
Wellston, Ohio

We have audited the accompanying balance sheet of the Jackson Metropolitan Housing Authority, Hamilton, Ohio, as of and for the year ended September 30, 2001, and the related statements of revenues, expenses, equity, and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Jackson Metropolitan Housing Authority as of September 30, 2001, and the results of its operations and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 12, 2002, on our consideration of Jackson Metropolitan Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

J.E. Slaybaugh & Associates, Inc.
March 12, 2002

JACKSON METROPOLITAN HOUSING AUTHORITY
WELLSTON, OHIO
BALANCE SHEET
FOR THE YEAR ENDED SEPTEMBER 30, 2001

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 94,448
Investments-Unrestricted	289,268
Accounts Receivable- HUD	527
Tenant Accounts Receivable- Net of \$ 9,100 Doubtful Accounts	315
Interprogram Due From	33,582
Prepaid Expenses	<u>7,508</u>
 Total Current Assets	 425,648
 Investments - Restricted	 13,966
Property and Equipment - Net of \$ 3,787,855 Accumulated Depreciation	<u>5,053,229</u>
 Total Assets	 <u>\$ 5,492,843</u>

LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable	\$ 19,744
Accounts Payable- Governments	12,098
Security and Other Trust Deposits	13,966
Accrued Wages and Payroll Taxes	4,117
Other Current Liabilities	121
Interprogram Due To	33,582
Deferred Revenues	<u>1,997</u>
 Total Current Liabilities	 85,625

Non-current Liabilities

Accrued Compensated Absences	<u>37,291</u>
 Total Liabilities	 <u>122,916</u>

Equity

Contributed Capital	5,658,542
Retained Earnings	<u>(288,615)</u>
 Total Equity	 <u>5,369,927</u>
 Total Liabilities and Equity	 <u>\$ 5,492,843</u>

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

JACKSON METROPOLITAN HOUSING AUTHORITY
WELLSTON, OHIO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2001

<u>Revenue</u>	
HUD Grants	\$ 640,748
Capital Grants	66,741
Other Government Grants	24,121
Rental Income	255,754
Investment Income-Unrestricted	19,469
Other Revenue	<u>13,364</u>
 Total Revenue	 1,020,197
<u>Expenses (before depreciation)</u>	
Housing Assistance Payments	169,887
Administrative Salaries	138,907
Compensated Absences	14,157
Employee Benefits	58,429
Other Administrative Expense	218,313
Material and Labor-Maintenance	125,295
Contract Services	29,621
Utilities	139,889
General Expenses	15,039
Payments in Lieu of Taxes	12,098
Bad Debt- Tenant Rents	<u>20,027</u>
 Total Expenses	 <u>941,662</u>
 Income (Loss) before Depreciation & Other Costs	 78,535
Depreciation	301,061
Extraordinary Maintenance	8,788
Operating Transfers In	47,795
Operating Transfers Out	<u>(47,795)</u>
Operating Income (Loss)	(231,314)
 Retained Earnings - Beginning of Year	 <u>(57,301)</u>
 Retained Earnings - End of Year	 <u>(288,615)</u>
 Contributed Capital - Beginning of Year	 <u>5,658,542</u>
 Contributed Capital - End of Year	 <u>5,658,542</u>
 Total Equity - End of Year	 <u>\$ 5,369,927</u>

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

JACKSON METROPOLITAN HOUSING AUTHORITY
WELLSTON, OHIO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

<u>Cash Flows from Operating Activities</u>	
Operating Income (Loss)	\$ (231,314)
Adjustments to reconcile Operating Income(Loss) to Net Cash Provided By Operating Activities:	
Depreciation	301,061
Changes in Operating Assets and Liabilities that Increase (Decrease) Cash Flows:	
Tenant Accounts Receivable- Net	7,783
Accounts Receivable- HUD	2,949
Accounts Receivable- Other	23,029
Prepaid Expenses	(246)
Interprogram Due From	(33,582)
Accounts Payable- Vendor	(9,197)
Accounts Payable - Governments	12,098
Accounts Payable- Other	(33,522)
Interprogram Due To	33,582
Accrued Wages & Taxes Payable	(4,346)
Accrued Compensated Absences	(7,193)
Tenant Security Deposits	(223)
Deferred Revenues	1,145
Other Current Liabilities	121
Total Adjustments	<u>293,459</u>
Net Cash Provided By Operating Activities	<u>62,145</u>
<u>Cash Flows from Investing Activities</u>	
Change in Property and Equipment	(50,043)
Change in Investments	<u>16,113</u>
Net Cash Used By Investing Activities	<u>(33,930)</u>
Increase (Decrease) In Cash and Cash Equivalents	28,215
Cash and Cash Equivalents - Beginning of Year	<u>66,233</u>
Cash and Cash Equivalents - End of Year	<u>\$ 94,448</u>

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

JACKSON METROPOLITAN HOUSING AUTHORITY
WELLSTON, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

These criteria were considered in determining the reporting entity.

Basis of Accounting

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

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

Use of Estimates

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

JACKSON METROPOLITAN HOUSING AUTHORITY
WELLSTON, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

Tenant Receivables - Recognition of Bad Debts

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

Property and Equipment

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

Useful Lives

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

Depreciation is recorded on the straight-line method.

Capitalization of Interest

The Department of Housing and Urban Development's policy is not to capitalize interest in the construction or purchase of fixed assets.

Investments

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

Restricted Investments

Restricted investments represent amounts received from debt refinancing. These assets are restricted by HUD and can be used only after receiving approval from HUD.

JACKSON METROPOLITAN HOUSING AUTHORITY
WELLSTON, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2001

NOTE 2 - CASH AND INVESTMENTS

Cash

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

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

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

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

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

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

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

Category 1. . .	\$ 222,433	was covered by federal depository insurance.
Category 2. . .	\$ 198,989	was covered by specific collateral pledged by the financial institution in the name of the Authority.

JACKSON METROPOLITAN HOUSING AUTHORITY
WELLSTON, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2001

NOTE 2 - CASH AND INVESTMENTS, continued

Investments

HUD, State Statute and Board Resolutions authorize the Authority to invest in obligations of U.S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository fund, super NOW accounts, sweep accounts, separate trading of registered interest and principal of securities, mutual funds, bonds and other obligations of this State, and the State Treasurer's investment pool. Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of conformation of transfer from the custodian.

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

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

NOTE 3 - PROPERTY AND EQUIPMENT

A summary of property and equipment at September 30, 2001, by class is as follows:

Land	\$ 189,335
Buildings and Building Improvements	8,441,762
Furniture, Equipment- Dwelling	84,396
Furniture, Equipment- Administrative	<u>125,591</u>
Total	8,841,084
Less Accumulated Depreciation	<u>(3,787,855)</u>
Net Property and Equipment	<u>\$ 5,053,229</u>

JACKSON METROPOLITAN HOUSING AUTHORITY
WELLSTON, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2001

NOTE 4 - ADMINISTRATIVE FEE

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

Vouchers	
	Units per month x \$ 39.25/unit

NOTE 5 - RETIREMENT AND OTHER BENEFIT PLANS

The employees of the Authority are covered by the Public Employees Retirement System of Ohio (PERS), a statewide cost-sharing multiple-employer deferred benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, death benefits to plan members and beneficiaries. The authority to establish and amend benefits is provided by the state statute per Chapter 145 of the Ohio Revised Code. PERS issues a publicly available financial report. Interested parties may obtain a copy by making a written request to 277 E. Town Street, Columbus, OH 43215-4642 or by calling (614) 466-2085.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.50% of qualifying gross wages for all employees. The total 2001 employer contribution rate was 13.55% of covered payroll. Required employer contributions are equal to 100% of the dollar amount billed to each employer and must be extracted from the employer's records. The Authority's contributions to PERS. for the years ending September 30 were as follows:

	Contribution	%
9/30/01	\$ 27,550	13.55%
9/30/00	\$ 28,086	13.55%
9/30/99	\$ 26,668	13.55%

All required contributions were made prior to each of those fiscal year ends.

PERS of Ohio provides post-retirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employee and employer contributions. The 2001 employer contribution rate for state employers was 10.84 % of covered payroll: 4.3 % was the portion that was used to fund health care for the year, under the new calculation methodology effective January 1, 1998. Under the prior method, which was actuarially based, accrued liabilities and normal cost rates were computed to determine the amount of employer contributions necessary to fund OPEB. OPEB is financed through employer contributions and investment earnings and is expected to be sufficient to sustain the program indefinitely. The number of benefit recipients eligible for OPEB at September 30, 2001, was 401,339.

JACKSON METROPOLITAN HOUSING AUTHORITY
WELLSTON, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2001

NOTE 6 - COMPENSATED ABSENCES

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

Employees will earn hours based on years of service as an employee of either JMHA or PERS.

The Schedule is as follows:

Service Years	Hours/pay period
0-5	3.1
5-10	4.6
10-15	6.2
15+	7.7

Sick leave is accumulated at the rate of 4.6 hours per pay period and paid to a maximum of (30) days. Vacation earned is paid upon separation.

At September 30, 2001, \$ 37,291 was accrued by the Authority for unused vacation and sick time.

NOTE 7 - INSURANCE

The Housing Authority maintains comprehensive insurance coverage with private carriers for health real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. There was no significant reduction in coverages and no settlements exceeded insurance coverage during the past three years.

JACKSON METROPOLITAN HOUSING AUTHORITY
WELLSTON, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures For The Year Ended</u>
<u>U.S. Department of Housing and Urban Development</u>		
Direct Programs:		
Low Rent Public Housing Program	14.850	\$ <u>254,495</u>
Public Housing- Capital Fund Program	14.872	<u>66,741</u>
Comprehensive Improvement Assistance Program	14.852	<u>149,710</u>
 Section 8 Tenant Based :		
Section 8 Housing Voucher Program	14.871	<u>236,543</u>
 Total Federal Expenditures		 \$ <u>707,489</u>

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

See Independent Auditors' Report

JACKSON METROPOLITAN HOUSING AUTHORITY
 Supplemental Financial Data Schedule
 Balance Sheet
 As of September 30, 2001

	Low Rent Public Housing	Section 8 Housing Vouchers	TOTAL
ASSETS			
Current Assets			
Cash-unrestricted	\$ 41,960	\$ 52,488	\$ 94,448
Total cash	<u>41,960</u>	<u>52,488</u>	<u>94,448</u>
Accounts and notes receivables			
Accounts receivable-HUD other projects	9,415	527	527
Accounts receivable-tenants-dwelling rent	(9,100)		9,415
Allowance for doubtful accounts-dwelling rent			(9,100)
Total receivables, net of allowances for uncollectibles	<u>315</u>	<u>527</u>	<u>842</u>
Current Investments			
Investments-Unrestricted	251,615	37,653	289,268
Investments-restricted	13,966		13,966
Prepaid expenses and other assets	7,508		7,508
Interprogram-due from	33,582	-	33,582
Total investments	<u>306,671</u>	<u>37,653</u>	<u>344,324</u>
Total current assets	<u>348,946</u>	<u>90,668</u>	<u>439,614</u>
Noncurrent assets			
Land	189,335		189,335
Buildings	8,441,762		8,441,762
Furniture, equipment and machinery-dwelling	84,396		84,396
Furniture, equipment and machinery-admin.	119,878	5,713	125,591
Accumulated depreciation	(3,782,142)	(5,713)	(3,787,855)
Total fixed assets, net of accum. depreciation	<u>5,053,229</u>	<u>-</u>	<u>5,053,229</u>
Total non-current assets	<u>5,053,229</u>	<u>-</u>	<u>5,053,229</u>
Total assets	\$ <u>5,402,175</u>	\$ <u>90,668</u>	\$ <u>5,492,843</u>

See Independent Auditors' Report

JACKSON METROPOLITAN HOUSING AUTHORITY
 Supplemental Financial Data Schedule

Balance Sheet

As of September 30, 2001

Low Rent	Section 8
Public	Housing
Housing	Vouchers
<u>14,850</u>	<u>14,871</u>
	<u>TOTAL</u>

LIABILITIES AND EQUITY

Current liabilities			
Accounts payable < 90 days	\$ 19,744	\$	19,744
Accrued wages/payroll taxes payable	4,117		4,117
Accounts payable-other government	12,098		12,098
Tenant Security Deposits	13,966		13,966
Deferred Revenues	1,997		1,997
Other current liabilities		121	121
Interprogram due to	-	33,582	33,582
Total current liabilities	<u>51,922</u>	<u>33,703</u>	<u>85,625</u>
Non-current liabilities			
Accrued Compensated Absences-Non Current	30,163	7,128	37,291
Total non-current liabilities	<u>30,163</u>	<u>7,128</u>	<u>37,291</u>
Total Liabilities	<u>82,085</u>	<u>40,831</u>	<u>122,916</u>
Equity			
Net HUD PHA contributions	4,661,111		4,661,111
Other contributions	997,431		997,431
Undesignated fund balance/retained earnings	<u>(338,452)</u>	<u>49,837</u>	<u>(288,615)</u>
Total equity	<u>5,320,090</u>	<u>49,837</u>	<u>5,369,927</u>
Total liabilities & equity	<u>\$ 5,402,175</u>	<u>\$ 90,668</u>	<u>\$ 5,492,843</u>

See Independent Auditors' Report

JACKSON METROPOLITAN HOUSING AUTHORITY
WELLSTON, OHIO
SCHEDULE OF REVENUE AND EXPENSE BY PROGRAM
FOR THE YEAR ENDED SEPTEMBER 30, 2001

	Public Housing Low rent Program	Capital Fund Program	Comprehensive Improvement Assistance Program	Section 8 Housing Voucher Program	Total
REVENUE					
HUD Grants	\$ 254,495		\$ 149,710	\$ 236,543	\$ 640,748
Other Government Grants	24,121				24,121
Capital Grants		\$ 66,741			66,741
Rental Income	255,754				255,754
Investment Income-Unrestricted	15,495			3,974	19,469
Other Revenue	12,645			719	13,364
Total Revenue	562,510	66,741	149,710	241,236	1,020,197
EXPENSES					
Housing Assistance Payments				169,887	169,887
Administrative Salaries	111,406			27,501	138,907
Compensated Absences	(1,426)			15,583	14,157
Employee Benefits	55,249			3,180	58,429
Other Administrative Expense	48,907			750	218,313
Material and Labor-Maintenance	125,295		101,915		225,295
Contract Services	29,621				29,621
Utilities	139,889				139,889
General Expenses	14,137			902	15,039
Payments in Lieu of Taxes	12,098				12,098
Bad Debt- Tenant Rents	20,027				20,027
Total Expenses	555,203	66,741	101,915	217,803	941,662
Income (Loss) before Depreciation & Other Costs	7,307	-	47,795	23,433	78,535
Depreciation	301,061				301,061
Extraordinary Maintenance	8,788				8,788
Operating Transfers In (Out)	47,795		(47,795)		-
Operating Income (Loss)	\$ (254,747)	\$ -	\$ -	\$ 23,433	\$ (231,314)

See Independent Auditors' Report

JACKSON METROPOLITAN HOUSING AUTHORITY
 WELLSTON, OHIO
 SCHEDULE OF ACTIVITY
 FOR THE YEAR ENDED SEPTEMBER 30, 2001

The PHA had 226 units under management.

<u>Management</u>	<u>Units</u>
Low Rent Public Housing Program	152
Section 8 Housing Choice Vouchers	<u>74</u>
TOTAL	<u><u>226</u></u>

REPORT ON PRIOR YEAR AUDIT FINDINGS

THERE WERE NO PRIOR YEAR AUDIT FINDINGS

See Independent Auditors' Report

JACKSON METROPOLITAN HOUSING AUTHORITY
WELLSTON, OHIO

ACTUAL MODERNIZATION COST CERTIFICATION

At September 30, 2001

1. The Actual Modernization Grant Costs are as follows:

	<u>Project OH16-908-99</u>
Funds Approved	\$ 284,100
Funds Expended	<u>284,100</u>
Excess (Deficiency) of Funds Approved	<u>\$ -</u>
Funds Advanced	\$ 284,100
Funds Expended	<u>284,100</u>
Excess (Deficiency) of Funds Advanced	<u>\$ -</u>

2. The Distribution of Costs as shown on the Schedule/Report of Modernization Grant Expenditures submitted to HUD for approval are in agreement with the Authority's records.
3. All Modernization Grant Costs have been paid and all related liabilities have been discharged through payment

See Independent Auditors' Report

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Lexington, Ohio 44904*

*Member AICPA
Member OSCPA*

*John E. Slaybaugh III
Certified Public Accountant*

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

Board of Commissioners
Jackson Metropolitan Housing Authority
Wellston, Ohio

We have audited the financial statements of Jackson Metropolitan Housing Authority, Wellston, Ohio, as of and for the year ended September 30, 2001, and have issued our report thereon dated March 12, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

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

J.E. Slaybaugh & Associates, Inc.
March 12, 2002

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

Board of Commissioners
Jackson Metropolitan Housing Authority
Wellston, Ohio

Compliance

We have audited the compliance of Jackson Metropolitan Housing Authority with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2001. Jackson Metropolitan Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on Jackson Metropolitan Housing Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the provisions of the *Public and Indian Housing Compliance Supplement*, PIH Notice 97-30. 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 Jackson 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 Jackson Metropolitan Housing Authority's compliance with those requirements.

In our opinion, Jackson 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 September 30, 2001.

Internal Control Over Compliance

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

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

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

J.E. Slaybaugh & Associates, Inc.
March 12, 2002

JACKSON METROPOLITAN HOUSING AUTHORITY
WELLSTON, OHIO

SCHEDULE OF FINDINGS

September 30, 2001

PART I - SUMMARY OF AUDITOR'S RESULTS

1. The auditor has issued an unqualified opinion on the financial statements of Jackson Metropolitan Housing Authority.
2. There were no reportable conditions in internal control disclosed by the audit of the financial statements.
3. There was no noncompliance material to the financial statements disclosed by the audit.
4. There were no reportable conditions in the internal control over major programs disclosed by the audit.
5. The auditor has issued an unqualified opinion on compliance for major programs for Jackson Metropolitan Housing Authority.
6. The audit disclosed no audit findings.
7. The major programs are:

 Low Rent Public Housing Program
8. The dollar threshold used to distinguish between Type A and Type B programs was \$ 300,000.
9. The auditor determined that Jackson Metropolitan Housing Authority qualified as a low-risk auditee.

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

1. None

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

1. None



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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JACKSON METROPOLITAN HOUSING AUTHORITY

JACKSON 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
APRIL 18, 2002**