



**GENERAL PURPOSE  
FINANCIAL STATEMENTS**

**of the**

**PERRY METROPOLITAN  
HOUSING AUTHORITY**

**for the**

**Year Ended December 31, 2002**





**Auditor of State  
Betty Montgomery**

Board of Directors  
Perry Metropolitan Housing Authority  
26 Brown Circle Dr.  
Crooksville, Oh. 43731

We have reviewed the Independent Auditor's Report of the Perry Metropolitan Housing Authority, Perry County, prepared by Jones, Cochenour & Co., for the audit period January 1, 2002 to December 31, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Perry Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

April 8, 2003

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Perry Metropolitan Housing Authority  
Crooksville, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

We have audited the accompanying general purpose financial statements of Perry Metropolitan Housing Authority, as of and for the year ended December 31, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the Perry 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 Perry Metropolitan Housing Authority, as of December 31, 2002, 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 February 28, 2003 on our consideration of Perry 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 Perry 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 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.  
February 28, 2003

**Perry Metropolitan Housing Authority**  
**Balance Sheet**  
**Proprietary Fund Type**  
**Enterprise Fund**  
**December 31, 2002**

**ASSETS**

Cash and cash equivalents	\$	399,356
Investments		128,000
Receivables - net of allowance		27,729
Due from other programs		13,485
Inventories - net of allowance		25,303
Deferred charges and other assets		2,639
Fixed assets - net of accumulated depreciation		<u>3,983,884</u>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u><u>4,580,396</u></u></b>

**LIABILITIES AND EQUITY**

Accounts payable	\$	15,378
Due to other programs		13,485
Intergovernmental payables		15,922
Accrued compensated absences		33,892
Tenant security deposits		25,696
Deferred credits and other liabilities		<u>15,537</u>
<b>TOTAL LIABILITIES</b>		<b>119,910</b>

**EQUITY**

HUD PHA contributions		3,607,467
Undesignated retained earnings		<u>853,019</u>
<b>TOTAL EQUITY</b>		<b><u><u>4,460,486</u></u></b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$</b>	<b><u><u>4,580,396</u></u></b>

See accompanying notes to the general purpose financial statements



**Perry Metropolitan Housing Authority**  
**Statement of Revenues, Expenses and Changes in Equity**  
**Proprietary Fund Type**  
**Enterprise Fund**  
**Year Ended December 31, 2002**

<b>OPERATING REVENUE</b>	
Tenant revenue	\$ 260,852
Program operating grants/subsidies	1,246,921
Miscellaneous revenue	<u>10,940</u>
<b>TOTAL OPERATING REVENUE</b>	<b>1,518,713</b>
 <b>OPERATING EXPENSES</b>	
Administrative	278,568
Tenant services	327
Utilities	94,734
Maintenance	223,707
General	35,498
Bad debts	4,919
Housing assistance payments	740,032
Depreciation	<u>264,275</u>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>1,642,060</u></b>
<b>NET OPERATING INCOME (LOSS)</b>	<b>(123,347)</b>
 <b>NON-OPERATING REVENUE</b>	
Interest income	<u>11,597</u>
<b>NET INCOME (LOSS)</b>	<b>(111,750)</b>
<b>EQUITY, BEGINNING</b>	<b>4,546,744</b>
 <b>PRIOR PERIOD ADJUSTMENTS</b>	
	<u>25,492</u>
<b>EQUITY, ENDING</b>	<b><u><u>\$ 4,460,486</u></u></b>

See accompanying notes to the general purpose financial statements

**Perry Metropolitan Housing Authority**  
**Statement of Cash Flows**  
**Proprietary Fund Type**  
**Enterprise Fund**  
**Year Ended December 31, 2002**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Net operating (loss)	\$ (123,347)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	264,275
Prior period adjustment affecting residual receipts	25,492
Unfound difference	(117)
(Increase) decrease in:	
Receivables - net of allowance	(18,950)
Due from other funds	170
Inventories - net of allowance	(14,905)
Increase (decrease) in:	
Accounts payable	(1,564)
Due to other funds	(170)
Intergovernmental payable	(35,823)
Accrued compensated absences	10,902
Tenant security deposits	1,448
Deferred credits and other liabilities	(973)
<b>NET CASH PROVIDED</b>	<b>106,438</b>
<b>BY OPERATING ACTIVITIES</b>	<b>106,438</b>

**CASH FLOWS FROM CAPITAL ACTIVITIES:**

Acquisition of capital assets	(128,526)
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**CASH FLOWS FROM INVESTING ACTIVITIES:**

Certificate of deposit purchase	(50,000)
Investment income	11,597
<b>NET CASH (USED) FROM</b>	<b>11,597</b>
<b>INVESTING ACTIVITIES</b>	<b>(38,403)</b>

**DECREASE IN CASH AND CASH EQUIVALENTS** **(60,491)**

**CASH AND CASH EQUIVALENTS, BEGINNING** **459,847**

**CASH AND CASH EQUIVALENTS, ENDING** **\$ 399,356**

See accompanying notes to the general purpose financial statements

Perry Metropolitan Housing Authority  
Notes to the general purpose financial statements  
December 31, 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

The financial statements of the Perry 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 and public housing programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

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

Perry Metropolitan Housing Authority  
Notes to the general purpose financial statements - continued  
December 31, 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

**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 2002 for both programs totaled \$11,597. 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 \$0 for the year ended December 31, 2002.

**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
Buildings – non residential	40
Building improvements	15
Furniture – dwelling	7
Furniture – non-dwelling	7
Equipment – dwelling	5
Equipment – non-dwelling	7
Autos and trucks	5
Computer hardware	3
Computer software	3
Leasehold improvements	15
Land improvements	15

**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.

Perry Metropolitan Housing Authority  
Notes to the general purpose financial statements - continued  
December 31, 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

**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, 2) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

In the proprietary fund, the compensated absences are expensed when earned with the amount reported as a fund liability.

**PHA HUD Contributions**

This represents contributions made available by HUD with respect to all federally aided projects under an annual contributions contract.

**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 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.

**Receivables – net of allowance**

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. The allowance for uncollectable receivables was \$18,005 at December 31, 2002.

**Inventories**

Inventories are stated at cost. The allowance for obsolete inventory was \$2,811 at December 31, 2002.

**Accounting and Reporting for Nonexchange Transactions**

The Authority adopted GASB 33 effective for the year ended December 31, 2001. Nonexchange transactions occur when the Public Housing Authority (PHA) receives (or gives) value without directly giving 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).

Perry Metropolitan Housing Authority  
Notes to the general purpose financial statements - continued  
December 31, 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accounting and Reporting for Nonexchange Transactions - Continued

- 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.

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.

Perry Metropolitan Housing Authority  
Notes to the general purpose financial statements - continued  
December 31, 2002

2. CASH AND INVESTMENTS - CONTINUED

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 with two banks totaled \$399,356. The corresponding bank balances totaled \$399,047.

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

Category 1:	\$271,356 was covered by federal depository insurance
Category 2:	\$128,000 was covered by specific collateral pledged by the financial institution in the name of the Authority.

**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 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 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 principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose or 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 specific 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 had investments of certificates of deposits with original maturities that exceeded three months, in the amount of \$128,000 at December 31, 2002, which is not included in the deposit and bank balance amount.

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 investments of the Authority are classified as Category A.

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.

**Perry Metropolitan Housing Authority**  
**Notes to the general purpose financial statements - continued**  
**December 31, 2002**

**4. RISK MANAGEMENT**

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

**5. FIXED ASSETS**

The following is a summary:

Land	\$ 250,335
Buildings	5,553,214
Furniture and equipment - dwellings	20,970
Furniture and equipment - administrative	203,835
Leasehold improvements	<u>1,712,640</u>
	7,740,994
Accumulated depreciation	<u>(3,757,110)</u>
<b>NET FIXED ASSETS</b>	<b><u><u>\$ 3,983,884</u></u></b>

The following is a summary of changes:

	Balance Dec 31, 2001	Additions / Reclass	Deletions / Corrections	Balance Dec 31, 2002
Land	\$ 250,335	\$ -	\$ -	\$ 250,335
Buildings	5,455,315	97,899	-	5,553,214
Furniture and equipment - dwellings	20,970	-	-	20,970
Furniture and equipment - administrative	173,208	30,627	-	203,835
Leasehold improvements	<u>1,712,640</u>	<u>-</u>	<u>-</u>	<u>1,712,640</u>
<b>TOTAL FIXED ASSETS</b>	<b><u><u>\$ 7,612,468</u></u></b>	<b><u><u>\$ 128,526</u></u></b>	<b><u><u>\$ -</u></u></b>	<b><u><u>\$ 7,740,994</u></u></b>

The depreciation expense for the year ended December 31, 2002 was \$264,275.

**6. DEFINED BENEFIT PENSION PLANS – PUBLIC EMPLOYEES RETIREMENT SYSTEM**

All employees participate in the Public Employees Retirement System of Ohio (PERS), a cost sharing multiple employer public employee retirement system administered by the Public Employee Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtaining by writing to the Public Employee Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the Authority was required to contribute 9.565 percent through December 31. Contributions are authorized by State statute. The contribution rates are determined actuarially. The Authority's required contributions to PERS for the years ended December 31, 2002, 2001 and 2000 were \$29,547, \$28,780, and \$22,177, respectively. The full amount has been contributed for 2001 and 2000. Ninety-one percent (91%) has been contributed for 2002, with the remainder being reported as a liability within the enterprise fund.



Perry Metropolitan Housing Authority  
Notes to the general purpose financial statements - continued  
December 31, 2002

**7. POSTEMPLOYMENT BENEFITS – PUBLIC EMPLOYEES RETIREMENT SYSTEM**

The Ohio Revised Code also provides statutory authority requiring public employers to provide and fund postretirement health care through their contributions to the Public Employees Retirement System of Ohio (PERS). Postretirement health care coverage is provided to age and service retirees with ten or more years of qualifying service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment 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 postretirement health care. The Ohio Revised Code also provides statutory authority for employer contributions. Of the 13.55 percent employer contribution rate for the Authority for the year 2002, 4.3 percent was used to fund health care. The assumptions and calculations below were based on the System's latest Actuarial Review performed December 31, 2000. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25 percent of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2001 was 7.75 percent. An annual increase of 4.75 percent compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.75 percent base increase, were assumed to range from 0.54 percent to 5.1 percent. Health care costs were assumed to increase 4.75 percent annually. As of December 31, 2001, the number of active contributing participants was 411,076. The actuarial value of the Retirement System's net assets available for OPEB at December 31, 2000 was \$11,735.9 million. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$14,364.6 million and \$2,628.7 million, respectively.

**8. EQUITY/PRIOR PERIOD ADJUSTMENTS:**

	<u>Total</u>	<u>Net HUD PHA Contributions</u>	<u>Undesignated Retained Earnings</u>
Balance as of December 31, 2001	\$ 4,546,744	\$ 3,816,830	\$ 729,914
Net loss as of December 31, 2002	(111,750)	(228,652)	116,902
Correction of HUD report	420	-	420
Correction of inventory	12,000	12,000	-
Correction of fixed assets	7,289	7,289	-
Correction of fraud payable	<u>5,783</u>	<u>-</u>	<u>5,783</u>
 Balance as of December 31, 2002	 <u>\$ 4,460,486</u>	 <u>\$ 3,607,467</u>	 <u>\$ 853,019</u>

**9. FDS SCHEDULE SUBMITTED TO HUD**

For the fiscal year ended December 31, 2002, 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 12-15. 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.

Perry Metropolitan Housing Authority  
Balance Sheet  
FDS Schedule Submitted to HUD  
Proprietary Fund Type  
Enterprise Fund  
December 31, 2002

FDS Line Item No.	Account Description	14.850a Public & Indian Hsg	14.850b Public & Indian Hsg	14.852 CIAP	14.871 Section 8 Vouchers	14.872 Capital Fund	14.856 Section 8 NC/SR	TOTAL
<b>ASSETS</b>								
111	Cash - unrestricted	\$ 220,313	\$ -	\$ -	\$ 171,166	\$ -	\$ -	\$ 391,479
113	Cash - other restricted	-	-	-	7,877	-	-	7,877
100	<b>TOTAL CASH</b>	<b>220,313</b>	<b>-</b>	<b>-</b>	<b>179,043</b>	<b>-</b>	<b>-</b>	<b>399,356</b>
122	Accounts receivable - HUD other proj	-	-	-	21,499	264	-	21,763
126	A/R Tenants - dwelling rents	1,434	-	-	-	-	-	1,434
126.1	Allowance for doubtful accts	(792)	-	-	-	-	-	(792)
128	Fraud recovery	-	-	-	21,703	-	-	21,703
128.1	Allowance for doubtful accts	-	-	-	(17,213)	-	-	(17,213)
129	Accrued interest receivable	834	-	-	-	-	-	834
120	<b>TOTAL ACCOUNTS RECEIVABLE</b>	<b>1,476</b>	<b>-</b>	<b>-</b>	<b>25,989</b>	<b>264</b>	<b>-</b>	<b>27,729</b>
131	Investments - unrestricted	128,000	-	-	-	-	-	128,000
142	Prepaid expenses and other assets	2,639	-	-	-	-	-	2,639
143	Inventories	28,114	-	-	-	-	-	28,114
143.1	Allowance for obsolete inventory	(2,811)	-	-	-	-	-	(2,811)
144	Interprogram due from	13,485	-	-	-	-	-	13,485
150	<b>TOTAL CURRENT ASSETS</b>	<b>391,216</b>	<b>-</b>	<b>-</b>	<b>205,032</b>	<b>264</b>	<b>-</b>	<b>596,512</b>
161	Land	157,684	92,651	-	-	-	-	250,335
162	Buildings	3,972,180	1,272,087	104,940	29,361	174,646	-	5,553,214
163	Furniture and equipment - dwellings	20,970	-	-	-	-	-	20,970
164	Furniture and equipment - admin	115,166	6,064	16,183	34,231	32,191	-	203,835
165	Leasehold improvements	1,252,945	434,647	25,048	-	-	-	1,712,640
166	Accumulated depreciation	(3,292,250)	(409,462)	(18,027)	(24,849)	(12,522)	-	(3,757,110)
160	<b>TOTAL FIXED ASSETS, NET</b>	<b>2,226,695</b>	<b>1,395,987</b>	<b>128,144</b>	<b>38,743</b>	<b>194,315</b>	<b>-</b>	<b>3,983,884</b>
180	<b>TOTAL NON-CURRENT ASSETS</b>	<b>2,226,695</b>	<b>1,395,987</b>	<b>128,144</b>	<b>38,743</b>	<b>194,315</b>	<b>-</b>	<b>3,983,884</b>
190	<b>TOTAL ASSETS</b>	<b>\$ 2,617,911</b>	<b>\$ 1,395,987</b>	<b>\$ 128,144</b>	<b>\$ 243,775</b>	<b>\$ 194,579</b>	<b>\$ -</b>	<b>\$ 4,580,396</b>

See independent auditors' report

**Perry Metropolitan Housing Authority  
Balance Sheet  
FDS Schedule Submitted to HUD  
Proprietary Fund Type  
Enterprise Fund  
December 31, 2002**

FDS Line Item No.	Account Description	14.850a Public & Indian Hsg	14.850b Public & Indian Hsg	14.852 CIAP	14.871 Section 8 Vouchers	14.872 Capital Fund	14.856 Section 8 NC/SR	TOTAL
<b>LIABILITIES</b>								
312	Accounts payable <=90 days	\$ 14,943	\$ -	\$ -	\$ 435	\$ -	\$ -	\$ 15,378
321	Accrued wages/payroll taxes	6,227	-	-	-	-	-	6,227
322	Accrued compensated absences	12,629	-	-	6,825	-	-	19,454
333	Accounts payable - other govt	15,922	-	-	-	-	-	15,922
341	Tenant security deposits	25,696	-	-	-	-	-	25,696
342	Deferred revenue	3,321	-	-	5,338	-	-	8,659
347	Interprogram due to	-	-	-	13,221	264	-	13,485
310	<b>TOTAL CURRENT LIABILITIES</b>	<b>78,738</b>	<b>-</b>	<b>-</b>	<b>25,819</b>	<b>264</b>	<b>-</b>	<b>104,821</b>
350	<b>TOTAL NONCURRENT LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,878</b>	<b>-</b>	<b>-</b>	<b>6,878</b>
354	Noncurrent Comp Absences	6,103	-	-	2,108	-	-	8,211
300	<b>TOTAL LIABILITIES</b>	<b>84,841</b>	<b>-</b>	<b>-</b>	<b>34,805</b>	<b>264</b>	<b>-</b>	<b>119,910</b>
513	<b>TOTAL EQUITY</b>	<b>2,533,070</b>	<b>1,395,987</b>	<b>128,144</b>	<b>208,970</b>	<b>194,315</b>	<b>-</b>	<b>4,460,486</b>
600	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 2,617,911</b>	<b>\$ 1,395,987</b>	<b>\$ 128,144</b>	<b>\$ 243,775</b>	<b>\$ 194,579</b>	<b>\$ -</b>	<b>\$ 4,580,396</b>

See independent auditors' report

**Perry Metropolitan Housing Authority**  
**Statement of Revenues, Expenses and Changes in Retained Earnings**  
**FDS Schedule Submitted to HUD**  
**Proprietary Fund Type**  
**Enterprise Fund**  
**Year Ended December 31, 2002**

FDS Line Item No.	Account Description	14.850a Public & Indian Hsg	14.850b Public & Indian Hsg	14.852 CIAP	14.871 Section 8 Vouchers	14.872 Capital Fund	14.856 Section 8 NC/SR	TOTAL
<b>REVENUE</b>								
703	Net tenant revenue	\$ 253,958	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 253,958
704	Tenant revenue - other	<u>6,894</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,894</u>
705	<b>TOTAL TENANT REVENUE</b>	<b>260,852</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>260,852</b>
706	PHA HUD grants	196,016	1,722	192	854,061	76,392	-	1,128,383
706.1	Capital contributions	-	-	-	-	118,538	-	118,538
711	Investment income - unrestricted	9,099	-	-	2,498	-	-	11,597
714	Fraud recovery	-	-	-	8,092	-	-	8,092
715	Other Revenue	<u>329</u>	<u>-</u>	<u>-</u>	<u>2,520</u>	<u>-</u>	<u>-</u>	<u>2,849</u>
	<b>TOTAL REVENUE</b>	<b>466,296</b>	<b>1,722</b>	<b>192</b>	<b>867,171</b>	<b>194,930</b>	<b>-</b>	<b>1,530,311</b>
<b>EXPENSES</b>								
911	Administrative salaries	100,546	-	-	64,348	-	-	164,894
912	Auditing fees	2,333	-	-	2,333	-	-	4,666
914	Compensated absences	7,275	-	-	4,359	-	-	11,634
915	Employee benefit contribution - admin	34,940	-	-	8,987	-	-	43,927
916	Other operating - administrative	30,417	1,722	192	12,376	8,740	-	53,447
924	Tenant services - other	327	-	-	-	-	-	327
931	Water	60,920	-	-	-	-	-	60,920
932	Electricity	32,752	-	-	-	-	-	32,752
933	Gas	1,062	-	-	-	-	-	1,062
941	Ord maintenance/op - labor	79,728	-	-	-	8,252	-	87,980
942	Ord maintenance/op - materials	34,158	-	-	-	7,844	-	42,002
943	Ord maintenance/op - cont costs	14,717	-	-	-	51,556	-	66,273
945	Emp benefit contrib - ord main	27,452	-	-	-	-	-	27,452

See independent auditors' report

**Perry Metropolitan Housing Authority**  
**Statement of Revenues, Expenses and Changes in Retained Earnings**  
**FDS Schedule Submitted to HUD**  
**Proprietary Fund Type**  
**Enterprise Fund**  
**Year Ended December 31, 2002**

FDS Line Item No.	Account Description	14.850A Public & Indian Hsg	14.850B Public & Indian Hsg	14.852 CIAP	14.871 Section 8 Vouchers	14.872 Capital Fund	14.856 Section 8 NC/SR	TOTAL
	<b>EXPENSES - CONTINUED</b>							
961	Insurance premiums	\$ 19,576	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,576
963	PILOT	15,922	-	-	-	-	-	15,922
964	Bad debts - tenant rents	1,460	-	-	-	-	-	1,460
966	Bad debts - other	-	-	-	3,459	-	-	3,459
969	<b>TOTAL OPERATING EXPENSES</b>	<u>463,585</u>	<u>1,722</u>	<u>192</u>	<u>95,862</u>	<u>76,392</u>	<u>-</u>	<u>637,753</u>
970	<b>EXCESS OPERATING REVENUE OVER EXPENSES</b>	2,711	-	-	771,309	118,538	-	892,558
973	Housing Assistance Payments	-	-	-	740,032	-	-	740,032
974	Depreciation expense	161,433	76,447	8,601	7,446	10,348	-	264,275
900	<b>TOTAL EXPENSES</b>	<u>625,018</u>	<u>78,169</u>	<u>8,793</u>	<u>843,340</u>	<u>86,740</u>	<u>-</u>	<u>1,642,060</u>
	<b>EXCESS OF REVENUE</b>							
1000	<b>OVER EXPENSES</b>	(158,722)	(76,447)	(8,601)	23,831	108,190	-	(111,749)
1103	Beginning equity	2,427,959	1,472,434	319,312	122,488	86,125	49,150	4,477,468
1104	Prior period adi/equity transfers	263,833	-	(182,567)	62,651	-	(49,150)	94,767
	<b>ENDING EQUITY</b>	<u>\$ 2,533,070</u>	<u>\$ 1,395,987</u>	<u>\$ 128,144</u>	<u>\$ 208,970</u>	<u>\$ 194,315</u>	<u>\$ -</u>	<u>4,460,486</u>

See independent auditors' report

**Perry Metropolitan Housing Authority  
Cost Certification of Modernization Project  
December 31, 2002**

**OH16-P034-914:**

Management improvements	\$ 9,235
Administration	195
Site improvement	18,032
Dwelling structures	112,284
Dwelling Equipment - Nonexpendable	31,400
Nondwelling equipment	<u>16,412</u>

**TOTAL EXPENDED** \$ 187,558

**TOTAL RECEIVED** \$ 187,558

**OH16-P034-003:**

Management improvements	\$ 15,398
Administration	658
Site improvement	15,000
Dwelling structures	26,146
Dwelling Equipment - Nonexpendable	156,480
Nondwelling equipment	<u>26,318</u>

**TOTAL EXPENDED** \$ 240,000

**TOTAL RECEIVED** \$ 240,000

1. The actual cost certificates were signed on March 30, 2001 and February 12, 2002 for 914 and 003, respectively.
2. All costs have been paid through December 31, 2002 and there are no outstanding liabilities.
3. The final costs on the certificates agrees to the Authority's records.

See independent auditors' report

**Perry Metropolitan Housing Authority  
Schedule of Federal Awards Expenditures  
December 31, 2002**

	<u>FEDERAL CFDA NUMBER</u>	<u>FUNDS EXPENDED</u>
<b>FROM U.S. DEPARTMENT OF HUD DIRECT PROGRAMS</b>		
<b>PHA Owned Housing:</b>		
Public and Indian Housing	14.850a	\$ 196,016
Public and Indian Housing - Development	14.850b	1,722
Public Housing Capital Fund	14.872	194,930
Public Housing CIAP	14.852	192
<b>Housing Assistance Payments:</b>		
<b>Annual Contribution -</b>		
Section 8 Housing Choice Vouchers	14.871	<u>854,061</u>
<b>Total - All Programs</b>		<u><u>\$ 1,246,921</u></u>

See independent auditors' 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  
Perry Metropolitan Housing Authority  
Crooksville, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

We have audited the general purpose financial statements of Perry Metropolitan Housing Authority as of and for the year ended December 31, 2002, and have issued our report thereon dated February 28, 2003. 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 Perry 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 Perry 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.

Jones, Cochenour & Co.  
February 28, 2003





**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  
Perry Metropolitan Housing Authority  
Crooksville, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

**Compliance**

We have audited the compliance of Perry 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, 2002. Perry Metropolitan Housing Authority's major federal programs are identified in the summary of auditors' 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 Perry Metropolitan Housing Authority's management. Our responsibility is to express an opinion on Perry 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; 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 Perry 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 Perry Metropolitan Housing Authority's compliance with those requirements.

In our opinion, Perry 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, 2002.

**Internal Control Over Compliance**

The management of Perry 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 Perry 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 and should not be used by anyone other than these specified parties.**

**Jones, Cochenour & Co.  
February 28, 2003**

**Schedule of Findings and Questioned Costs  
OMB Circular A-133 § .505**

**Perry Metropolitan Housing Authority  
December 31, 2002**

<b>1. SUMMARY OF AUDITORS' RESULTS</b>
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<b>Type of Financial Statement Opinion</b>	<b>Unqualified</b>
<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	<b>No</b>
<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	<b>No</b>
<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	<b>No</b>
<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	<b>No</b>
<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	<b>No</b>
<b>Type of Major Programs' Compliance Opinion</b>	<b>Unqualified</b>
<b>Are there any reportable findings under § .510?</b>	<b>No</b>
<b>Major Programs (list):</b>	<b>Section 8 Voucher CFDA # 14.871</b>
<b>Dollar Threshold: Type A/B Programs</b>	<b>\$300,000</b>
<b>Low Risk Auditee?</b>	<b>Yes</b>

**Schedule of Findings and Questioned Costs  
OMB Circular A-133 § .505 - Continued**

**Perry Metropolitan Housing Authority  
December 31, 2002**

**2. FINDINGS RELATED TO FINANCIAL STATEMENTS**

**There are no findings or questioned costs for the year ended December 31, 2002.**

**3. FINDINGS RELATED TO FEDERAL AWARDS**

**There are no findings or questioned costs for the year ended December 31, 2002.**



**Auditor of State  
Betty Montgomery**

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**PERRY METROPOLITAN HOUSING AUTHORITY**

**PERRY 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  
MAY 8, 2003**