MEIGS
METROPOLITAN HOUSING AUTHORITY

POMEROY, OHIO

SINGLE AUDIT

For the Fiscal Year Ended September 30, 2003

J.L. UHRIG AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS

Auditor of State
Betty Montgomery

Board of Directors
Meigs Metropolitan Housing Authority

We have reviewed the Independent Auditor's Report of the Meigs Metropolitan Housing Authority, Meigs County, prepared by J.L. Uhrig and Associates, Inc. for the audit period October 1, 2002 through September 30, 2003. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

April 2, 2004

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MEIGS METROPOLITAN HOUSING AUTHORITY
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For the Fiscal Year Ended September 30, 2003

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J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS

Independent Auditor's Report

Board of Directors
Meigs Metropolitan Housing Authority
117 East Memorial Drive
Pomeroy, Ohio 45769

We have audited the accompanying general purpose financial statements of the Meigs Metropolitan Housing Authority (the Authority) as of and for the year ended September 30, 2003. These general purpose financial statements are the responsibility of the 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 4 of the notes to the financial statements, the Authority does not capitalize equipment purchased with MR/DD grant funds and does not record depreciation on such assets. In our opinion, disclosure of that information is required to conform with accounting principles generally accepted in the United States of America. However, management believes it is impracticable to develop the information required for proper inclusion and disclosure in the financial statements.

In our opinion, except for the omission of fixed assets and associated depreciation as described in the previous paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of September 30, 2003, and the results of its operations and 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 5, 2004 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report when considering the results of our audit.

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Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the Authority, taken as a whole. The supplemental information and accompanying schedules listed in the table of contents, which include the schedule of federal awards expenditures required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Authority. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

March 5, 2004

MEIGS METROPOLITAN HOUSING AUTHORITY
Combined Balance Sheet
Proprietary Fund Type
September 30, 2003

	Enterprise
<u>Assets:</u>	
Current Assets:	
Cash - Unrestricted	$58,641
Accounts Receivable	20,583
Total Current Assets	79,224
Restricted Cash - FSS	9,736
Total Assets	$88,960
<u>Liabilities and Fund Equity:</u>	
Current Liabilities:	
Accrued Sick Leave and Vacation	$5,324
Undistributed Credits - FSS	9,736
Total Current Liabilities	15,060
Total Liabilities	15,060
Fund Equity:	
Retained Earnings	73,900
Total Fund Equity	73,900
Total Liabilities and Fund Equity	$88,960

The notes to the financial statements are an integral part of this statement.

MEIGS METROPOLITAN HOUSING AUTHORITY
Combined Statement of Revenues, Expenses and Changes in Retained Earnings
Proprietary Fund Type
For the Fiscal Year Ended September 30, 2003

	Enterprise
Operating Revenues:	
Tenant Rental Revenue	$15,610
HUD PHA Grants	525,781
Section 8 Income - Portability	65,262
Other Revenue	1,937
Total Operating Revenues	608,590
Operating Expenses:	
Administrative Salaries	45,804
Auditing Fees	4,492
Compensated Absences	2,310
Employee Benefits	6,868
Other - Administrative	28,440
Ordinary Maintenance and Operations	5,191
Insurance Premiums	3,541
Housing Assistance Payments	441,191
Housing Assistance Payments - Portability	57,806
Total Operating Expenses	595,643
Operating Income (Loss)	12,947
Nonoperating Revenue:	
Interest Income	1,293
Total Nonoperating Revenue	1,293
Net Income (Loss)	14,240
Retained Earnings - Beginning of Year	59,660
Retained Earnings - End of Year	$73,900

The notes to the financial statements are an integral part of this statement.

MEIGS METROPOLITAN HOUSING AUTHORITY
Combined Statement of Cash Flow
Proprietary Fund Type
For the Fiscal Year Ended September 30, 2003

	Enterprise
Cash Flow from Operating Activities:	
Rental Receipts	$601,589
Other Cash Receipts	1,937
Administrative	(32,932)
Salaries and Related Benefits	(57,554)
Operating and Maintenance	(506,837)
Other Cash Payments	(2,735)
Net Cash Flow from Operating Activities	3,468
Cash Flow from Investing Activity:	
Interest Received	1,293
Net Cash Flow from Investing Activity	1,293
Net Increase (Decrease) in Cash and Cash Equivalents	4,761
Cash and Cash Equivalents - Beginning of Year	63,616
Cash and Cash Equivalents - End of Year	$68,377
Reconcilation of Operating Income (Loss) to Net Cash Flow from Operating Activities:	
Operating Income (Loss)	$12,947
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flow from Operating Activities:	
Increase or Decrease in:	
Accounts Receivable	(5,064)
Prepaid Insurance	556
Accrued Sick Leave and Vacation	(2,573)
Undistributed Credits - FSS	(2,398)
Net Cash Flow from Operating Activities	$3,468

The notes to the financial statements are an integral part of this statement.

NOTE 1 - DESCRIPTION OF THE AUTHORITY AND REPORTING ENTITY

Description of the Authority

Meigs Metropolitan Housing Authority was created under Section 3735.01 of the Ohio Revised Code. The Authority contracts with the U.S. Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through rent subsidies provided by HUD (Section 8 Housing Assistance). The majority of the Authority's rental income is received from HUD.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Authority consists of all funds, departments, boards, and agencies that are not legally separate from the Authority. For the Authority, this includes general operations and the Section 8 program.

Component units are legally separate organizations for which the Authority is financially accountable. The Authority is financially accountable for an organization if the Authority appoints a voting majority of the organization's governing board and (1) the Authority is able to significantly influence the programs or services performed or provided by the organization; or (2) the Authority is legally entitled to or can otherwise access the organization's resources; the Authority is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Authority is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Authority in that the Authority approves the budget, the issuance of debt, or the levying of taxes. The Authority has no component units or related organizations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Authority are prepared in accordance with generally accepted accounting principles (GAAP). The Authority's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The more significant of the Authority's accounting policies are described below.

Basis of Presentation - Fund Accounting

The Authority uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Authority functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. The Authority's funds are categorized as proprietary fund types.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Proprietary Fund Type

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 Authority's only proprietary fund type:

> ***Enterprise Funds*** - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) on 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 revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

As required by the Real Estate Assessment Center (REAC) for fiscal years beginning October 1, 1998, the Authority adopted the full accrual method of accounting in accordance with generally accepted accounting principles. Revenues are recognized in the period earned. Expenses are recognized in the period the liability is incurred.

Cash and Cash Equivalents

Cash and cash equivalents consist of funds deposited in checking accounts and are stated at cost, which approximates market value. Unrestricted cash and cash equivalents represents the funds that are used for the general operations and the Section 8 program. Restricted cash and cash equivalents represent funds deposited for participants in the Family Self Sufficiency (FSS) Program, which is designed to help participants achieve economic independence and self-sufficiency.

For purposes of the statement of cash flows and for presentation on the balance sheet, cash and cash equivalents include all highly liquid debt instruments with an original maturity of three months or less at the time they are purchased.

Compensated Absences

Sick leave benefits are accrued as a liability for employees who are currently eligible to receive termination benefits and those identified as probable of receiving payment in the future. Vacation benefits are accrued as a liability as the benefits are earned by the employees if the employees rights to receive compensation are attributed to services already rendered and it is probable that the Authority will compensate the employees for the benefits through paid time off or some other means. The liability for sick leave and vacation benefits is based on accumulated unused balances and employees' wage rates at fiscal year end. Compensated absences are expensed when earned by the employees.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Intergovernmental Revenue

Grants and entitlements are considered nonexchange revenues. Such resources received for operating purposes are recognized as operating revenue in the accounting period in which all eligibility requirements have been met. Such resources for capital purposes are recorded as nonoperating revenue. Currently, the Authority receives federal grant revenue through the Section 8 program for general operations and program services.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 3 - CASH AND INVESTMENTS

Legal Requirements

State Statutes require the classification of cash into three categories.

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

Inactive cash is public deposits not required for use within the current five year period of designation of depositories. Inactive funds may only be used to purchase investments which mature or are redeemable within five years from the date of purchase.

Interim cash is public deposits not needed for immediate use but which will be needed before the current depository agreement expires. Interim funds may only be invested or deposited in the following securities:

1. Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency, or the Export-Import Bank of Washington;
3. Repurchase agreements in the securities enumerated above;
4. Interim deposits in eligible institutions applying for interim funds;
5. Bonds and other obligations of the State of Ohio; and
6. The State Treasurer's investment pool.

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.

NOTE 3 - CASH AND INVESTMENTS - (Continued)

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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, *"Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements"*.

Deposits: GASB has established three (3) risk categories for deposits to give an indication of the level of risk assumed by the Authority at fiscal year end. Category 1 includes deposits that are insured or collateralized with securities held by the Authority or its agent in the Authority's name. Category 2 includes deposits collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name. Category 3 includes uncollateralized deposits. This includes any deposits that are collateralized with securities held by the pledging financial institution or its trust department or agent but not in the Authority's name.

At fiscal year end, the carrying amount of the Authority's deposits was $68,377 and the bank balance was $76,027. The entire bank balance of $76,027 was covered by FDIC.

Investments: GASB has also established three (3) risk categories for investments to give an indication of the level of risk assumed by the Authority at fiscal year end. Category 1 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 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the Authority's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the Authority's name.

The Authority held no investments at fiscal year end.

NOTE 4 - GRANT AWARD EQUIPMENT

In accordance with grant awards, the property and equipment is charged to expense in the period during which it is purchased instead of being capitalized and depreciated. As a result, the expenses reflected in the statement of revenues, expenses and changes in retained earnings include the cost of the property and equipment purchased during the year rather than a provision for depreciation. This method of accounting for fixed assets is not in accordance with generally accepted accounting principles.

The property and equipment is owned by the Meigs Metropolitan Housing Authority while used in the program for which it was purchased or in other future authorized programs. The funding sources, however, have a reversionary interest in the property and equipment purchased with grant funds. Therefore, its disposition, as well as the ownership of any sale proceeds therefrom, is subject to funding source regulations.

NOTE 5 - DEFINED BENEFIT PENSION PLANS

The employees of the Authority are covered by the Ohio Public Employees Retirement System (OPERS), who administers three separate pension plans. The Traditional Pension Plan is a cost-sharing multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon. The Combined Plan is a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan. OPERS provides basic retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members of the Traditional and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The OPERS issues a stand-alone financial report that includes financial statements and required supplementary information. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. The contribution requirements of the plan members and the commission are established and may be amended by the Public Employees Retirement Board. The 2003 contribution rate for employees was 8.5% of qualifying gross wages. The 2003 contribution rate for local government employers was 13.55% of covered payroll. Of the employer contribution rate, 8.55% was the portion used to fund retirement and disability benefits. The portion of the Authority's contributions that was used to fund retirement and disability benefits for the years ended September 30, 2003, 2002 and 2001 was $4,334, $3,595 and $3,166, respectively, which was equal to the required contributions for each year. All required contributions were made prior to each of those fiscal year ends.

NOTE 6 - POSTEMPLOYMENT BENEFITS

In addition to the pension benefit obligation described above, the OPERS provides postemployment health care coverage to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. 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 as described in *GASB Statement No. 12*. Other postemployment benefits are advance-funded on an actuarially determined basis. A portion of each employer's contribution to the OPERS is set aside for the funding of postemployment health care. The Ohio Revised Code provides statutory authority for employer contributions. The 2003 contribution rate for local government employers was 13.55% of covered payroll. Of the employer contribution rate, 5.0% was the portion that was used to fund health care. The portion of the Authority's contributions that was used to fund other postemployment benefits for the year ended September 30, 2003 amounted to $2,534.

The Ohio Revised Code provides statutory authority for public employers to fund postemployment health care through their contributions to the OPERS. Other postemployment benefits are financed through employer contributions and investment earnings thereon. The contributions allocated to retiree health and Medicare, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely.

NOTE 6 - POSTEMPLOYMENT BENEFITS - (Continued)

As of December 31, 2002, the latest information available, the actuarial value of net assets available for other postemployment benefits payments was $10.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were $18.7 billion and $8.7 billion, respectively. The number of active contributing participants at December 31, 2003 was 364,881 in the Traditional and Combined Plans.

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

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The plan will also offer a spending account feature, enabling the benefit recipient to apply his or her allowance toward specific medical expenses, much like a Medical Spending Account.

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

NOTE 7 - COMPENSATED ABSENCES

Sick leave and vacation policies are established by the Housing Authority Board of Directors. All permanent employees earn 4.6 hours sick leave for each 80 hours of service, 3.1 hours vacation time for each 80 hours of service for employees with 1 - 7 years service; and 4.6 hours vacation time for each 80 hours worked for employees with 8 - 14 years service. The Executive Director receives 4.6 hours vacation time for every 80 hours of service. Unused sick leave may be accumulated up to 240 hours and is paid to employees at the time of retirement. All permanent employees earn vacation hours based on length of service. Unused vacation leave will be paid to the employees at the time of separation. As of September 30, 2003, $5,324 was accrued for unused sick leave and vacation.

NOTE 8 - SEGMENT INFORMATION

The more significant segment information relating to the Enterprise Funds of the Authority as of and for the fiscal year ended September 30, 2003 is as follows:

	Section 8 Rental Voucher Program	MR/DD	Total Enterprise Funds
Operating Revenues	$592,269	$16,321	$608,590
Operating Expenses	577,389	18,254	595,643
Operating Income (Loss)	14,880	(1,933)	12,947
Net Income (Loss)	16,145	(1,905)	14,240
Net Working Capital	61,583	2,581	64,164
Total Assets	86,379	2,581	88,960
Total Liabilities	15,060	0	15,060
Total Equity	71,319	2,581	73,900

NOTE 9 - RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets. The Authority currently has a $5,735 liability insurance policy provided by the Ohio Casualty Insurance Company for business personal property insurance. The policy carries a $250 deductible. The Authority also owns 6 single family dwellings that are covered by either the Ohio Casualty Insurance Company or Auto-Owners Insurance in the amount of $318,925. Each dwelling's coverage includes fire, personal liability and other special form perils with a $250 deductible for perils. There have been no insurance settlements that have exceeded insurance coverage in any of the past three years. The Authority increased its coverage from the prior year to cover it's single family dwellings.

The Authority pays the State Workers' Compensation System a premium based on a rate per $100 of salaries. This rate is calculated based on accident history and administrative costs.

MEIGS METROPOLITAN HOUSING AUTHORITY
Combining Balance Sheet
Enterprise Funds
September 30, 2003

	Section 8 Rental Voucher Program	MR/DD	Total
Assets:			
Current Assets:			
Cash - Unrestricted	$56,060	$2,581	$58,641
Accounts Receivable	20,583	0	20,583
Total Current Assets	76,643	2,581	79,224
Restricted Cash - FSS	9,736	0	9,736
Total Assets	$86,379	$2,581	$88,960
Liabilities and Fund Equity:			
Current Liabilities:			
Accrued Sick Leave and Vacation	$5,324	$0	$5,324
Undistributed Credits - FSS	9,736	0	9,736
Total Current Liabilities	15,060	0	15,060
Total Liabilities	15,060	0	15,060
Fund Equity:			
Retained Earnings	71,319	2,581	73,900
Total Fund Equity	71,319	2,581	73,900
Total Liabilities and Fund Equity	$86,379	$2,581	$88,960

MEIGS METROPOLITAN HOUSING AUTHORITY
Combining Statement of Revenues, Expenses and Changes in Retained Earnings
Enterprise Funds
For the Fiscal Year Ended September 30, 2003

	Section 8 Rental Voucher Program	MR/DD	Total
Operating Revenues:			
Tenant Rental Revenue	$0	$15,610	$15,610
HUD PHA Grants	525,781	0	525,781
Section 8 Income - Portability	65,262	0	65,262
Other Revenue	1,226	711	1,937
Total Operating Revenues	592,269	16,321	608,590
Operating Expenses:			
Administrative Salaries	45,804	0	45,804
Auditing Fees	4,492	0	4,492
Compensated Absences	2,310	0	2,310
Employee Benefits	6,868	0	6,868
Other - Administrative	16,418	12,022	28,440
Ordinary Maintenance and Operations	2,250	2,941	5,191
Insurance Premiums	250	3,291	3,541
Housing Assistance Payments	441,191	0	441,191
Housing Assistance Payments - Portability	57,806	0	57,806
Total Operating Expenses	577,389	18,254	595,643
Operating Income (Loss)	14,880	(1,933)	12,947
Nonoperating Revenue:			
Interest Income	1,265	28	1,293
Total Nonoperating Revenue	1,265	28	1,293
Net Income (Loss)	16,145	(1,905)	14,240
Retained Earnings - Beginning of Year	55,174	4,486	59,660
Retained Earnings - End of Year	$71,319	$2,581	$73,900

MEIGS METROPOLITAN HOUSING AUTHORITY
Combining Statement of Cash Flow
Enterprise Funds
For the Fiscal Year Ended September 30, 2003

	Section 8 Rental Voucher Program	MR/DD	Total
Cash Flow from Operating Activities:			
Rental Receipts	$585,979	$15,610	$601,589
Other Cash Receipts	1,226	711	1,937
Administrative	(20,910)	(12,022)	(32,932)
Salaries and Related Benefits	(57,554)	0	(57,554)
Operating and Maintenance	(503,896)	(2,941)	(506,837)
Other Cash Payments	0	(2,735)	(2,735)
Net Cash Flow from Operating Activities	4,845	(1,377)	3,468
Cash Flow from Investing Activity:			
Interest Received	1,265	28	1,293
Net Cash Flow from Investing Activity	1,265	28	1,293
Net Increase (Decrease) in Cash and Cash Equivalents	6,110	(1,349)	4,761
Cash and Cash Equivalents - Beginning of Year	59,686	3,930	63,616
Cash and Cash Equivalents - End of Year	$65,796	$2,581	$68,377
Reconcilation of Operating Income (Loss) to Net Cash Flow from Operating Activities:			
Operating Income (Loss)	$14,880	($1,933)	$12,947
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flow from Operating Activities:			
Increase or Decrease in:			
Accounts Receivable	(5,064)	0	(5,064)
Prepaid Insurance	0	556	556
Accrued Sick Leave and Vacation	(2,573)	0	(2,573)
Undistributed Credits - FSS	(2,398)	0	(2,398)
Net Cash Flow from Operating Activities	$4,845	($1,377)	$3,468

MEIGS METROPOLITAN HOUSING AUTHORITY
Summary of Activities -
Enterprise Funds
For the Fiscal Year Ended September 30, 2003

	Units
Section 8 Gross Number of Units	1,500
Section 8 Number of Units Leased	1,474

MEIGS METROPOLITAN HOUSING AUTHORITY

Schedule of Federal Awards Expenditures

For the Fiscal Year Ended September 30, 2003

Federal Grantor / Pass Through Grantor / Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
Direct from Federal Government:			
Section 8 Rental Voucher Program - Contract C-5110	---	14.871	$525,781
Total U.S. Department of Housing and Urban Development			525,781
Total Federal Financial Assistance			$525,781

Note 1 - Significant Accounting Policies

The Authority prepares its Schedule of Federal Awards Expenditures on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.

J.L. Uhrig
AND ASSOCIATES INC.

Certified Public Accountants and Management Consultants

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
Meigs Metropolitan Housing Authority
117 East Memorial Drive
Pomeroy, Ohio 45769

We have audited the financial statements of the Meigs Metropolitan Housing Authority (the Authority), as of and for the year ended September 30, 2003 and have issued our report thereon dated March 5, 2004 which was qualified due to the omission of fixed assets and depreciation for property purchased with grant monies. 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 of America.

Compliance

As part of obtaining reasonable assurance about whether the 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 the 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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that in our judgement, could adversely affect the Authority's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. This reportable condition is described in the accompanying schedule of findings and questioned costs as item 2003-01.

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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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the item described above as a reportable condition to be a material weakness.

This report is intended for the information and use of the Board of Directors, management, and federal awarding agency, and is not intended to be and should not be used by anyone other than these specified parties.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

March 5, 2004

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
Meigs Metropolitan Housing Authority
117 East Memorial Drive
Pomeroy, Ohio 45769

Compliance

We have audited the compliance of Meigs Metropolitan Housing Authority (the 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 its major federal program for the year ended September 30, 2003. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the 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 the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended September 30, 2003.

Internal Control over Compliance

The management of the 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.

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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 the Board of Directors, management and federal awarding agency, and is not intended to be and should not be used by anyone other than these specified parties.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

March 5, 2004

A. SUMMARY OF AUDITOR'S RESULTS

1.	***Type of Financial Statement Opinion***	Qualified
2.	***Were there any material internal control weaknesses reported at the financial statement level (GAGAS)?***	Yes
3.	***Were there any other reportable internal control weaknesses reported at the financial statement level (GAGAS)?***	No
4.	***Was there any material noncompliance reported at the financial statement level (GAGAS)?***	No
5.	***Were there any material internal control weaknesses reported for major federal programs?***	No
6.	***Were there any other reportable internal control weaknesses reported for major federal programs?***	No
7.	***Type of Major Program Compliance Opinion***	Unqualified
8.	***Are there any reportable findings under § .510?***	No
9.	***Major Program (list):***	Section 8 Rental Voucher Program CFDA #14.871
10.	***Dollar Threshold: Type A/B Programs***	Type A: >$300,000 Type B: All Other Programs
11.	***Low Risk Auditee?***	No

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

Finding Number 2003-01

Fixed Assets

The Authority will be implementing GASB Statement No. 34 next fiscal year as a part of the financial reporting process. This new reporting model requires that fixed assets be reported at cost or estimated historical cost and depreciated over their useful lives. Currently the Authority omits their fixed assets and associated depreciation from the financial statements, thereby resulting in a qualified audit opinion.

Finding Number 2003-01 (Continued)

We recommend that the Authority develop a system of identifying the cost or estimated historical cost of each fixed asset. Each fixed asset should then be depreciated over its useful life, beginning at the date of acquisition. As fixed assets are acquired or disposed of, the fixed asset system should be updated accordingly. This system will provide not only a basis for financial reporting purposes, but will provide a basis for insurance purposes as well.

C. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs for federal awards.

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MEIGS METROPOLITAN HOUSING AUTHORITY

MEIGS 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 20, 2004