

**GENERAL PURPOSE FINANCIAL STATEMENTS**

**of the**

**Marion Metropolitan Housing Authority**

**June 30, 2002**





**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street, 1<sup>st</sup> Floor  
Columbus, Ohio 43215  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-728-7398  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

Board of Directors  
Marion Metropolitan Housing Authority  
P.O. Box 1029  
Mansfield, Ohio 44901

We have reviewed the Independent Auditor's Report of the Marion Metropolitan Housing Authority, Marion County, prepared by Wilson Shannon & Snow, Inc., for the audit period July 1, 2001 through June 30, 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 Marion Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO  
Auditor of State

November 21, 2002

**This Page is Intentionally Left Blank.**

MARION METROPOLITAN HOUSING AUTHORITY  
TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
GENERAL - PURPOSE FINANCIAL STATEMENTS:	
BALANCE SHEET	3
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN EQUITY	4
STATEMENT OF CASH FLOWS	5
NOTES TO THE GENERAL - PURPOSE FINANCIAL STATEMENTS	6
SUPPLEMENTAL DATA:	
BALANCE SHEET – FDS SCHEDULE SUBMITTED TO HUD	12
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS – FDS SCHEDULE SUBMITTED TO HUD	14
SCHEDULE OF FEDERAL AWARDS EXPENDITURES	15
NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES	16
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS	17
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	19
SCHEDULE OF FINDINGS	21

**This Page is Intentionally Left Blank.**



Board of Directors  
Marion Metropolitan Housing Authority  
150 Park Ave. West  
Mansfield, Ohio 44901

## INDEPENDENT AUDITORS' REPORT

We have audited the accompanying general-purpose financial statements of Marion Metropolitan Housing Authority, Marion County, (the Authority) as of and for the year ended June 30, 2002, as listed in the table of contents. 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. 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 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.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 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 October 28, 2002 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. 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.

*Wilson, Shannon & Snow, Inc.*

**CERTIFIED PUBLIC ACCOUNTANTS**

Ten West Locust Street

Newark, Ohio 43055

(740) 345-6611

1-800-523-6611

FAX (740) 345-5635

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

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 general-purpose financial statements. 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 stated, in all material respects in relation to the general-purpose financial statements taken as a whole.

*Wilson, Shuman & Snow, Inc.*

Newark, Ohio  
October 28, 2002

Marion Metropolitan Housing Authority

Balance Sheet  
June 30, 2002

Assets

Cash and Cash Equivalents	\$	72,650
Governmental Accounts Receivable		54,112
Accounts Receivable - Other		2,642
Prepaid Expenses		<u>6,257</u>
Total Current Assets		<u>135,661</u>
Vehicles, Furniture and Equipment - Net of \$18,191		
Accumulated Depreciation		<u>9,418</u>
Total Assets	\$	<u><u>145,079</u></u>

Liabilities and Equity

Accounts Payable	\$	4,636
Accrued Wages and Payroll Taxes		4,133
Accrued Compensated Absences		<u>11,961</u>
Total Current Liabilities		20,730
Other Liabilities		<u>2,386</u>
Total Liabilities		23,116
Total Equity and Other Credits		<u>121,963</u>
Total Liabilities and Equity	\$	<u><u>145,079</u></u>

*The notes to the general-purpose financial statements are an integral part of this statement.*

Marion Metropolitan Housing Authority

Statement of Revenues, Expenses  
and Changes in Equity  
Year Ended June 30, 2002

Revenue	
HUD Grants	\$ 1,681,373
Other Income	<u>52</u>
Total Revenue	1,681,425
Operating Expenses	
Housing Assistance Payments	\$ 1,433,040
Administrative Salaries	117,175
Employee Benefits	36,052
Other Administrative Expense	56,969
Material and Labor - Maintenance	4,355
Depreciation	3,664
General Expenses	<u>12,414</u>
Total Expenses	<u>1,663,669</u>
Operating Income	17,756
Other Income	
Investment Income - Unrestricted	<u>1,146</u>
Net Income	18,902
Equity at beginning of year	<u>103,061</u>
Total Equity at end of year	<u>\$ 121,963</u>

*The notes to the general-purpose financial statements are an integral part of this statement.*

Marion Metropolitan Housing Authority

Statement of Cash Flows  
Year Ended June 30, 2002

Cash flows from operating activities:	
Net Income for the year	\$ 18,902
Adjustments to reconcile net income to net cash (used in) operating activities:	
Depreciation Expense	3,664
Changes in assets and liabilities:	
Accounts Receivable	(44,123)
Prepaid Expenses	(2,471)
Accounts Payable	3,743
Accrued Wages and Payroll Taxes	1,681
Deferred Revenues	(125,309)
Accrued Compensated Absences	3,686
Other Liabilities	144
	<hr/>
Net Cash (Used in) Operating Activities	(140,083)
Cash flows from investing activities:	
Purchases of fixed assets	<hr/> (3,959)
	<hr/>
Net Cash (Used in) Investing Activities	(3,959)
Decrease in cash and cash equivalents	(144,042)
Cash and cash equivalents at beginning of year	<hr/> 216,692
Cash and cash equivalents at end of year	<hr/> <u>\$ 72,650</u>

*The notes to the general-purpose financial statements are an integral part of this statement.*

**Marion Metropolitan Housing Authority**  
**Notes to the General-Purpose Financial Statements**  
**June 30, 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Summary of Significant Accounting Policies

The general-purpose financial statements of the Marion Metropolitan Housing Authority (the "Authority") have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies of the Authority 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 provisions 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.

**Marion Metropolitan Housing Authority**  
**Notes to the General-Purpose Financial Statements - Continued**  
**June 30, 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Excluded Entity

An entity that conducts activities for the benefit of the Authority or its residents is excluded from the combined financial statements. This entity is:

*Marion Housing Development Association, Inc.* – In accordance with housing subsidy contracts, the Authority has designated this organization as a Section 8 nonprofit corporation to serve as an instrumentality of the Authority to assist in the development and financing of housing projects. The Board of the Authority appoints the Board of Trustees of the Marion Housing Development Association, Inc. the members of which are all the same. The Authority's Board of Commissioners must approve all actions of the instrumentality and, upon their dissolution, all assets and residual receipts are to be distributed to the Authority. This Section 8 nonprofit corporation has no employees, performs no day-to-day functions, and the officers thereof serve in a non-paid status. There are no assets or liabilities in this corporation and there were no revenues earned or expenses incurred during 2002.

Fund Accounting

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

*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 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.

**Marion Metropolitan Housing Authority**  
**Notes to the General-Purpose Financial Statements - Continued**  
**June 30, 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Fixed Assets

Fixed assets are stated at cost and depreciation is computed using the straight line method over the 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:

Furniture – dwelling	7
Furniture – non-dwelling	7
Equipment – dwelling	5
Equipment – non-dwelling	7
Autos and trucks	5
Computer hardware	3
Computer software	3

Cash and Cash Equivalents

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

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.

**Marion Metropolitan Housing Authority**  
**Notes to the General-Purpose Financial Statements - Continued**  
**June 30, 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Budgetary Accounting

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

Estimates

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

Accounting and Reporting for Nonexchange Transactions

For the fiscal year ended June 30, 2002, the Authority has implemented GASB Statement 33 "Accounting and Financial Reporting for Nonexchange Transactions" and GASB Statement 36 "Recipient Reporting for Certain Shared Nonexchange Revenues." At July 1, 2001, there was no effect on fund equity as a result of implementing GASB 33 and GASB 36.

**2. CASH, CASH EQUIVALENTS AND INVESTMENTS**

Cash equivalents include short-term, highly liquid investments that are both readily convertible to known amounts of cash and are so near maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less qualify under this definition.

Cash and cash equivalents included in the Authority's cash position at June 30, 2002 are as follows:

Demand deposits:

Bank balance - General	\$ 80,986	Bank balance - HAP	\$ 10,639
Items-in-transit	(15,874)	Items-in-transit	(3,126)
Carrying balance	\$ 65,112	Carrying balance	\$ 7,513

Of the year-end cash balance, \$91,625 was covered by federal depository insurance, \$25 was maintained in a petty cash fund.

**Marion Metropolitan Housing Authority**  
**Notes to the General-Purpose Financial Statements - Continued**  
**June 30, 2002**

**3. RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During the fiscal year 2002, the Authority contracted with Cincinnati Insurance for vehicle, health, general insurance, building contents, and real property insurance.

Vehicle insurance carries \$100 comprehensive deductible and \$250 collision deductible. Property insurance carries a \$ 250 deductible. The deductibles for general liability and electronic data processing insurance are \$250 each. The deductible for public officials liability insurance is \$2,500.

Settled claims have not exceeded this coverage in any of the last three years. There has been no significant reduction in coverage from last year.

**4. FIXED ASSETS**

The following is a summary of fixed assets at June 30, 2002:

Vehicles	\$	6,500
Furniture and Equipment		21,109
		27,609
Accumulated Depreciation		(18,191)
NET FIXED ASSETS		\$ 9,418

**5. 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 obtained 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 13.55 percent through June 30. Contributions are authorized by State statute. The contribution rates are determined actuarially. The Authority's required contributions to PERS for the years ended 2000, 2001 and 2002 were \$15,723 , \$14,840 , and \$21,514, respectively. In fiscal year 2002, the Authority paid the employees share of PERS which totaled \$13,496.

**Marion Metropolitan Housing Authority**  
**Notes to the General-Purpose Financial Statements - Continued**  
**June 30, 2002**

**6. POSTRETIREMENT EMPLOYEE BENEFITS**

PERS provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit, and to primary survivor recipients of such retirees. Health care coverage for disability recipients is also available under PERS. The health care coverage provided by the retirement system is considered an Other Post Employment Benefit (OPEB), as described in GASB No. 12. A portion of each employer's PERS contribution is set aside for the funding of postretirement health care. The Ohio Revised Code provides the statutory authority for public employers to fund postretirement health care through their contributions to PERS. The number of active contributing participants was 401,339 as of December 31, 2001.

The assumptions and calculations below were based on the System's most recent Actuarial Review performed as of December 31, 1999. 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 (actual gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

Expenditures for OPEB during the year ended December 31, 2000 were \$559,606,294. As of December 31, 2000, the unaudited estimated net assets available for future OPEB payments were \$10,805,500,000. The actuarial accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used were \$12,473,600 and \$1,668,100, respectively. The number of benefit recipients eligible for OPEB at December 31, 2000 was 122,343.

Additional information on the PERS, including historical trend information showing the progress in accumulating sufficient assets to pay benefits when due is available in the PERS December 31, 2001, Comprehensive Annual Financial Report.

**Marion Metropolitan Housing Authority**

**Balance Sheet  
FDS Schedule Submitted to HUD**

**June 30, 2002**

<b>FDS Line Item No.</b>	<b>Account Description</b>	<b>14.855 Rental Voucher Program</b>	<b>14.857 Rental Certificates Program</b>	<b>14.871 Housing Choice Vouchers</b>	<b>14.239 Home Program</b>	<b>Total</b>
Current Assets						
111	Cash - Unrestricted	\$ -	\$ -	\$ 72,650	\$ -	\$ 72,650
100	Total Cash	-	-	72,650	-	72,650
Accounts receivable						
122	Accounts receivable - HUD	-	-	54,112	-	54,112
125	Accounts receivable - Miscellaneous	-	-	256	-	256
128	Fraud Recovery	-	-	2,386	-	2,386
129	Fraud Recovery - Allowance	-	-	-	-	-
120	Total Accounts Receivable	-	-	56,754	-	56,754
Investments and Other Assets						
142	Prepaid Expenses and Other Assets	-	-	6,257	-	6,257
	Total Investments and Other Assets	-	-	6,257	-	6,257
150	Total Current Assets	-	-	135,661	-	135,661
Noncurrent assets						
164	Vehicles, Furniture and Equipment - Administration	-	-	27,609	-	27,609
166	Accumulated Depreciation	-	-	(18,191)	-	(18,191)
160	Total Fixed Assets, net of accumulated depreciation	-	-	9,418	-	9,418
180	Total Non-Current Assets	-	-	9,418	-	9,418
190	Total Assets	\$ -	\$ -	\$ 145,079	\$ -	\$ 145,079

**Marion Metropolitan Housing Authority**

**Balance Sheet  
FDS Schedule Submitted to HUD**

**June 30, 2002**

<b>FDS Line Item No.</b>	<b>Account Description</b>	<b>14.855 Rental Voucher Program</b>	<b>14.857 Rental Certificates Program</b>	<b>14.871 Housing Choice Vouchers</b>	<b>14.239 Home Program</b>	<b>Total</b>
	Current Liabilities					
312	Accounts Payable	\$ -	\$ -	\$ 4,636	\$ -	\$ 4,636
321	Accrued Wages and Payroll Taxes	-	-	4,133	-	4,133
322	Accrued Compensated Absences	-	-	11,961	-	11,961
310	Total Current Liabilities	-	-	20,730	-	20,730
353	Non-Current Liabilities - Other	-	-	2,386	-	2,386
350	Total Non-Current Liabilities	-	-	2,386	-	2,386
300	Total Liabilities	-	-	23,116	-	23,116
	Equity					
504	Net HUD PHA Contributions	-	-	7,807	-	7,807
512	Undesignated Fund Balance/Retained Earnings	-	-	114,156	-	114,156
	Total Equity	-	-	121,963	-	121,963
600	Total Liabilities and Equity	\$ -	\$ -	\$ 145,079	\$ -	\$ 145,079

Marion Metropolitan Housing Authority

Statement of Revenues, Expenses and Changes in Retained Earnings  
FDS Schedule Submitted to HUD

Year ended June 30, 2002

FDS Line Item No.	Account Description	14.855 Rental Voucher Program	14.857 Rental Certificates Program	14.871 Housing Choice Vouchers	14.239 Home Program	Total
Revenue						
706	HUD Grants	\$ -	\$ -	\$ 1,485,432	\$ 195,941	\$ 1,681,373
711	Investment Income - Unrestricted	-	-	1,146	-	1,146
714	Fraud Recovery	-	-	52	-	52
	Total Revenue	-	-	1,486,630	195,941	1,682,571
Expenses						
911	Administrative Salaries	-	-	85,263	31,912	117,175
912	Auditing fees	-	-	5,937	-	5,937
914	Compensated Absences	-	-	3,686	-	3,686
915	Employee Benefit Contribution - Administrative	-	-	20,969	11,397	32,366
916	Other Operating - Administrative	-	-	54,690	2,279	56,969
942	Ordinary Maintenance and Operation - Materials	-	-	4,355	-	4,355
961	Insurance Premiums	-	-	6,477	-	6,477
	Total Operating Expenses	-	-	181,377	45,588	226,965
970	Excess Operating Revenue Over Operating Expenses	-	-	1,305,253	150,353	1,455,606
Other Expenses						
973	Housing Assistance Payments	-	-	1,282,687	150,353	1,433,040
974	Depreciation Expense	-	-	3,664	-	3,664
	Total Other Expenses	-	-	1,286,351	150,353	1,436,704
900	Total Expenses	-	-	1,467,728	195,941	1,663,669
1000	Excess of Revenues over Expenses	-	-	18,902	-	18,902
1103	Equity at Beginning of Year	72,430	30,631	-	-	103,061
	Contributed Capital at Beginning of Year	-	-	-	-	-
1104	Equity Transfers	(72,430)	(30,631)	103,061	-	-
	Ending Equity	\$ -	\$ -	\$ 121,963	\$ -	\$ 121,963

**Marion Metropolitan Housing Authority**

**Schedule of Federal Awards Expenditures  
Year Ended June 30, 2002**

<b><u>Federal Grantor/ Pass Through Grantor Program Title</u></b>	<b><u>Federal CFDA Number</u></b>	<b><u>Expenditures For The Year Ended</u></b>
<b><u>U.S. Department of Housing and Urban Development</u></b>		
Housing Choice Vouchers	14.871	\$ 1,467,728
Passed through the City of Marion		
Home Program	14.239	<u>195,941</u>
Total Federal Award Expenditures		<u><u>\$ 1,663,669</u></u>

The accompanying notes to this schedule are an integral part of this schedule.

**Marion Metropolitan Housing Authority**  
**Notes to the Schedule of Federal Awards Expenditures**  
**June 30, 2002**

1. 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.



## **Report On Compliance And On Internal Control Required By Government Auditing Standards**

Board of Directors  
Marion Metropolitan Housing Authority  
150 Park Ave. West  
Mansfield, Ohio 44901

We have audited the general-purpose financial statements of Marion Metropolitan Housing Authority, Marion County, (the Authority) as of and for the year ended June 30, 2002 and have issued our report thereon dated October 28, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

### **Compliance**

As part of obtaining reasonable assurance about whether 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. 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.

*Wilson, Shannon & Snow, Inc.*

**CERTIFIED PUBLIC ACCOUNTANTS**  
Ten West Locust Street  
Newark, Ohio 43055  
(740) 345-6611  
1-800-523-6611  
FAX (740) 345-5635

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.

*Wilson, Shuman & Snow, Inc.*

Newark, Ohio  
October 28, 2002



**Report On Compliance With Requirements Applicable To Each Major Program And On Internal Control Over Compliance In Accordance With OMB Circular A-133**

Board of Directors  
Marion Metropolitan Housing Authority  
150 Park Ave. West  
Mansfield, Ohio 44901

**Compliance**

We have audited the compliance of Marion Metropolitan Housing Authority, Marion County, (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 each of its major federal programs for the year ended June 30, 2002. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to 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 June 30, 2002.

*Wilson, Shannon & Snow, Inc.*

**CERTIFIED PUBLIC ACCOUNTANTS**  
Ten West Locust Street  
Newark, Ohio 43055  
(740) 345-6611  
1-800-523-6611  
FAX (740) 345-5635

## 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*.

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.

*Wilson, Shannon & Snow, Inc.*

Newark, Ohio  
October 28, 2002

**Marion Metropolitan Housing Authority**

SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 §.505

June 30, 2002

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unqualified
<i>(d)(1)(ii)</i>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under § .510?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	Housing Choice Vouchers/14.871
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	Yes

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

None were noted

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

None were noted



STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**MARION METROPOLITAN HOUSING AUTHORITY**

**MARION 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  
DECEMBER 5, 2002**