

Gallia Metropolitan Housing Authority

Gallia County

Single Audit

January 1, 2003 through December 31, 2003

Fiscal Year Audited Under GAGAS: 2003

BALESTRA, HARR & SCHERER, CPAs, INC.

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**Auditor of State
Betty Montgomery**

Board of Directors
Gallia Metropolitan Housing Authority

We have reviewed the Independent Auditor's Report of the Gallia Metropolitan Housing Authority, Gallia County, prepared by Balestra, Harr & Schrerer, CPAs, Inc. for the audit period January 1, 2003 through December 31, 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 Gallia Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

July 28, 2004

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GALLIA METROPOLITAN HOUSING AUTHORITY
BIDWELL, OHIO
FOR THE YEAR ENDED DECEMBER 31, 2003

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Ohio Society of Certified Public Accountants

Board of Commissioners
Gallia Metropolitan Housing Authority
Bidwell, Ohio 45614

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying general purpose financial statements of Gallia Metropolitan Housing Authority, Gallia County, as of and for the year ended December 31, 2003, as listed in the table of contents. These general purpose financial statements are the responsibility of the Gallia Metropolitan Housing Authority's management. Our responsibility is to express an opinion on the 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 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 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 Gallia Metropolitan Housing Authority, as of December 31, 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 our report dated May 19, 2004 on our consideration of the Gallia 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 financial statements of Gallia Metropolitan Housing Authority, taken as a whole. The supplemental financial data is presented for additional analysis as required by the U.S. Department of Housing and Urban Development 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.

The accompanying schedule of federal awards expenditures is presented for purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the 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.

Balestra, Harr & Scherer, CPAs, Inc.

Balestra, Harr & Scherer, CPAs, Inc.

May 19, 2004

GALLIA METROPOLITAN HOUSING AUTHORITY
 BIDWELL, OHIO
 BALANCE SHEET - PROPRIETARY FUND TYPE
 YEAR ENDING DECEMBER 31, 2003

	Enterprise Fund
<i>Assets</i>	
Current Assets:	
Cash - Unrestricted	\$198,036
Cash - Tenant Security Deposits	15,944
Accounts Receivable	
Fraud Recovery	2,931
Tenants - Dwelling Rents	1,733
Investments - Unrestricted	1,068,788
Inventories	33,187
Interprogram Due From	78,895
Prepaid Expense	31,347
Total Current Assets	1,430,861
Noncurrent Assets:	
Fixed Assets:	
Land	869,069
Building & Improvements	10,348,931
Furniture, Equipment & Machinery - Dwellings	27,236
Furniture, Equipment & Machinery - Administration	246,711
Accumulated Depreciation	(4,918,360)
Total Fixed Assets, Net of Accumulated Depreciation	6,573,587
Total Noncurrent Assets	6,573,587
<i>Total Assets</i>	\$8,004,448
 <i>Liabilities</i>	
Current Liabilities:	
Accrued Wages/Payroll Taxes Payable	\$15,883
Accounts Payable:	
<= 90 Days Past Due	9,178
HUD PHA Programs	11,198
Compensated Absences	2,842
Tenant Security Deposits	16,177
Interprogram Due To	78,895
Total Current Liabilities	134,173
Noncurrent Liabilities:	
Accounts Payable >= 90 Days Past Due	2,804
Noncurrent liabilities- Other	156,125
Compensated Absences	18,426
Total Noncurrent Liabilities	177,355
<i>Total Liabilities</i>	311,528
 <i>Equity</i>	
Contributed Capital:	
Net HUD PHA Contributions	6,392,135
Total Contributed Capital	6,392,135
Retained Earnings:	
Unreserved	1,300,785
<i>Total Equity</i>	7,692,920
<i>Total Liabilities and Equity</i>	\$8,004,448

See accompanying notes to the general purpose financial statements

GALLIA METROPOLITAN HOUSING AUTHORITY
 BIDWELL, OHIO
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY -
 PROPRIETARY FUND TYPE
 YEAR ENDING DECEMBER 31, 2003

	Enterprise Fund
<i>Revenues</i>	
Tenant Revenues:	
Net Tenant Rental Revenue	\$86,816
Total Tenant Revenue	86,816
HUD PHA Grants/Operating Grants	1,058,338
Capital Grants	268,595
Investment Income - Unrestricted	83,134
Other Revenue	13,051
Total Revenue	1,509,934
<i>Expenses</i>	
Administrative:	
Administrative Salaries	202,667
Auditing Fees	1,824
Employee Benefit Contributions	96,651
Compensated Absences	(2,544)
Other Operating	66,360
Total Administrative	364,958
Tenant Services:	
Other	592
Total Tenant Services	592
Utilities:	
Water	98,754
Electricity	14,850
Gas	1,979
Total Utilities	115,583
Ordinary Maintenance & Operation:	
Labor	86,197
Materials and Other	71,520
Contract Costs	8,026
Protective Services- Other Contract Costs	7,190
Employee Benefit Contributions	43,667
Total Ordinary Maintenance Operation	216,600
General Expenses:	
Insurance Premiums	41,272
Total General Expenses	41,272
Total Operating Expenses	739,005
Excess Operating Revenue over Operating Expenses	770,929
Other Expenses:	
Housing Assistance Payments	461,916
Depreciation Expense	434,750
Total Operating Expenses	1,635,671
Excess (Deficiency) of Operating Revenue Over (Under) Expenses	(125,737)
Retained Earnings, Beginning of the Year (Restated)	1,426,522
Retained Earnings, End of Year	1,300,785
Contributed Capital at Beginning of Year	6,392,135
Contributed Capital at End of Year	6,392,135
Total Fund Equity at End of Year	\$7,692,920

GALLIA METROPOLITAN HOUSING AUTHORITY
 BIDWELL, OHIO
 STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE
 FOR THE YEAR ENDED DECEMBER 31, 2003

	Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Net Operating Income/(Loss)	(\$125,737)
Adjustments to Reconcile Net Income/(Loss) to Net Cash Provided by Operating Activities:	
Depreciation	434,750
Changes in Operating Assets and Liabilities that Increase/(Decrease) Cash Flows:	
(Increase) Decrease In:	
Accounts Receivable - dwelling rent	9
Prepaid Expenses	(4,455)
Inventory	922
Interprogram - due from	(40,163)
Increase (Decrease) In:	
Accounts Payable	1,031
Accounts Payable - HUD	(9,129)
Security Deposits	44
Accrued Wages and Taxes	4,688
Accrued Compensated Absences	(3,891)
Interprogram - due to	40,163
Total Adjustments	(10,781)
Net Cash Provided By Operating Activities	298,232
CASH FLOWS FROM INVESTING ACTIVITIES:	
Change in Investments	540
Net Cash Provided By Investing Activities	540
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Change in fixed assets	(421,178)
Net Cash Used By Capital Financing Activities	(421,178)
Net Increase/(Decrease) In Cash	(122,406)
Cash At The Beginning Of Year (restated)	336,386
Cash At End Of Year	\$213,980

See accompanying notes to the general purpose financial statements

GALLIA METROPOLITAN HOUSING AUTHORITY
BIDWELL, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Gallia Metropolitan Housing Authority (GMHA or Authority) was created under the Ohio Revised Code Section 3735.27 to engage in the acquisition, development, leasing, and administration of a low-rent housing program. An Annual Contributions Contract (ACC) was signed by the Gallia Metropolitan Housing Authority and the U.S. Department of Housing and Urban Development (HUD), under the provisions of the United States Housing Act of 1937 (42 U.S.C. 1437) Section 1.1. The Authority was also created in accordance with state law to eliminate housing conditions which are detrimental to the public peace, health, safety, morals, or welfare by purchasing, acquiring, constructing, maintaining, operating, improving, extending, and repairing housing facilities. The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 is the "primary government." A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability is the ability of the primary government to impose its will upon the potential component unit. These criteria were considered in determining the reporting entity.

Basis of Accounting

The accompanying combined financial statements have been prepared on the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred. All transactions are accounted for as proprietary fund type in a single enterprise fund. 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 Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

Use of Estimates

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

Cash and Cash Equivalents

The Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Tenant Receivables-Recognition of Bad Debts

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

GALLIA METROPOLITAN HOUSING AUTHORITY
BIDWELL, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interprogram Due To/Due From

At year end, the Section 8 Voucher program has interprogram balances due to the Public Housing program in the amount of \$78,895.

Property and Equipment

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

Useful Lives:

Buildings	40 years
Land & Building Improvements	15 years
Furniture & Equipment	7 years
Autos	5 years

Depreciation is recorded on the straight-line method.

Capitalization of Interest

The Authority's policy is not to capitalize interest in the construction or purchase of fixed assets.

Investments

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

Contributed Capital

Prior to the implementation of GASB 33 in the year 2001, the Authority recorded contributed capital for resources from other governments and private sources which were provided to the enterprise fund to the extent they exceeded the cost and were not subject to repayment. All other fund equity amounts have been classified as retained earnings. The Authority's contributed capital mainly consists of fixed assets purchased with funding from the federal government and other federal government contributions.

NOTE 2-CASH AND INVESTMENTS

Cash

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

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

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

GALLIA METROPOLITAN HOUSING AUTHORITY
BIDWELL, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 2-CASH AND INVESTMENTS (Continued)

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 or deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

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

The Authority's deposits (bank balance) were insured or collateralized as follows: \$ 200,000 was covered by federal depository insurance (category 1) and the remaining deposits were covered by pooled collateral secured by the Authority's financial institution (category 3).

The book balances at December 31, 2003, were as follows:

	Cash	Investments	Total
Low Rent Public Housing	\$173,141	\$1,068,788	\$1,241,929
Section 8 Housing Vouchers	40,839	0	40,839
Total	\$213,980	\$1,068,788	\$1,282,768

Investments

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

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

GALLIA METROPOLITAN HOUSING AUTHORITY
BIDWELL, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 3-PROPERTY AND EQUIPMENT

The Authority's nonnegotiable certificates of deposit are classified as investments on the balance sheet but are considered as deposits of GASB 3 purposes. Therefore, the categories described above do not apply. A summary of property and equipment at December 31, 2003, by class is as follows:

Land	\$869,069
Buildings & Building Improvements	10,348,931
Furniture & Equipment – Dwelling	27,236
Furniture & Equipment – Administrative	246,711
Total	\$11,491,947
Less: Accumulated Depreciation	(4,918,360)
Net Property & Equipment	\$6,573,587

NOTE 4-ADMINISTRATIVE

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

Vouchers Units per month x \$40.60/unit

NOTE 5-DEFINED PENSION PLANS AND POSTRETIREMENT BENEFIT

The employees of the Authority are covered by the Public Employees Retirement System of Ohio (OPERS), a statewide cost-sharing multiple-employer defined benefit pension plan. OPERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The authority to establish and amend benefits is provided by the state statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 E. Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.50% of qualifying gross wages for all employees. The total 2003 employer contribution rate was 13.55% of covered payroll. Required employer contributions are equal to 100% of the dollar amount billed to each employer and must be extracted from the employer's records. The Authority's contributions to OPERS for the years ending December 31, were as follows:

	<u>Contribution</u>	<u>Percent</u>
12/31/03	\$38,895	13.55%
12/31/02	\$38,394	13.55%
12/31/01	\$37,151	13.55%

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

OPERS provides post-retirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio 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 Post-employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employee and employer contributions. For the Authority, the rate was 13.55% of covered payroll 5% was the portion used to fund health care for the year. The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS.

GALLIA METROPOLITAN HOUSING AUTHORITY
BIDWELL, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 5-DEFINED PENSION PLANS AND POSTRETIREMENT BENEFIT(Continued)

The assumptions and calculations below were based on the System's latest Actuarial Review performed as of December 31, 2001. 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 unfounded actuarial liability.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2001 was 8%. An annual increase of 4% 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% base increase, were assumed to range from .5% to 6.3%. Health care costs were assumed to increase 4% annually.

OPEBs are advance-funded on an actuarially determined basis. The number of active contributing participants was 402,041. The rates stated are the actuarially determined contribution requirements for OPERS. The Authority's contribution made to fund postemployment benefits was \$ 14,352 for 2003. \$11.6 billion represent the actuarial value of the Retirement System's net assets available for OPEB at December 31, 2001. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$16.4 billion and \$4.8 billion, respectively.

NOTE 6-COMPENSATED ABSENCES

Vacation and sick leave policies are established by the Board of Commissioners based on local and state laws. All permanent employees will earn 8 hours of sick leave per 1 month of service. Unused sick leave may be accumulated up to 120 days (960 hours). Employees will be paid for ¼ of accumulated sick leave, not to exceed 30 days (240 hours), at the time of retirement, at the employee's rate of pay at the time of retirement. All permanent employees will earn vacation hours accumulated based on length of service. Maximum accumulated vacation time earned is two years, with carryover limited to one year earned. Upon termination, any accrued vacation time will be paid to the employee with his/her final check.

At December 31, 2003, using the vested method of accrual, \$21,268 was accrued by the Authority for unused vacation time and sick time.

NOTE 7-INSURANCE

The Housing Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicles 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.

NOTE 8-RESTATEMENT OF FUND EQUITY

The following restatement was recorded to the December 31, 2002 fund equity balances are previously report due accounting errors:

	Contributed Capital	Retained Earnings	Total Fund Equity
Balance at 12/31/02	\$6,392,135	\$1,328,729	\$7,720,864
Accounting Errors	0	97,793	97,793
Restated Balance	\$6,392,135	\$1,426,522	\$7,818,657

GALLIA METROPOLITAN HOUSING AUTHORITY
 BIDWELL, OHIO
 SCHEDULE OF FEDERAL AWARDS EXPENDITURES
 FOR THE YEAR ENDED DECEMBER 31, 2003

DIRECT FROM U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:	FEDERAL CFDA NUMBER	2002 FEDERAL EXPENDITURES
Low Rent Public Housing	14.850a	\$505,343
Section 8 Housing Choice Vouchers	14.871	552,995
Public Housing Capital Fund	14.872	<u>268,595</u>
TOTAL - ALL PROGRAMS		<u><u>\$1,326,933</u></u>

See accompanying Notes to the Schedule of Federal Awards Expenditures.

GALLIA METROPOLITAN HOUSING AUTHORITY
BIDWELL, OHIO
NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

GALLIA METROPOLITAN HOUSING AUTHORITY
 BIDWELL, OHIO
 COMBINING BALANCE SHEET - PROPRIETARY FUND TYPE
 YEAR ENDING DECEMBER 31, 2003

	Section 8 Voucher	Public Housing	Capital Fund	Total
<i>Assets</i>				
Current Assets:				
Cash - Unrestricted	\$40,839	\$157,197	\$0	\$198,036
Cash - Tenant Security Deposits	0	15,944	0	15,944
Accounts Receivable				
Fraud Recovery	2,931	0	0	2,931
Tenants - Dwelling Rents	0	1,733	0	1,733
Investments - Unrestricted	0	1,068,788	0	1,068,788
Inventories	0	33,187	0	33,187
Interprogram Due From	0	78,895	0	78,895
Prepaid Expense	3,693	27,654	0	31,347
Total Current Assets	47,463	1,383,398	0	1,430,861
Noncurrent Assets:				
Fixed Assets:				
Land	0	869,069	0	869,069
Building & Improvements	0	10,348,931	0	10,348,931
Furniture, Equipment & Machinery - Dwellings	0	27,236	0	27,236
Furniture, Equipment & Machinery - Administratio	0	246,711	0	246,711
Accumulated Depreciation	0	(4,918,360)	0	(4,918,360)
Total Fixed Assets, Net of Accumulated Depreciation				
Total Noncurrent Assets	0	6,573,587	0	6,573,587
Total Assets	\$47,463	\$7,956,985	\$0	\$8,004,448
<i>Liabilities</i>				
Current Liabilities:				
Accrued Wages/Payroll Taxes Payable	\$1,784	\$14,099	\$0	\$15,883
Accounts Payable:				
<= 90 Days Past Due	397	8,781	0	9,178
HUD PHA Programs	11,198	0	0	11,198
Compensated Absences	910	1,932	0	2,842
Tenant Security Deposits	0	16,177	0	16,177
Interprogram Due To	78,895	0	0	78,895
Total Current Liabilities	93,184	40,989	0	134,173
Noncurrent Liabilities:				
Accounts Payable >= 90 Days Past Due	0	2,804	0	2,804
Noncurrent liabilities- Other	0	156,125	0	156,125
Compensated Absences	5,649	12,777	0	18,426
Total Noncurrent Liabilities	5,649	171,706	0	177,355
Total Liabilities	98,833	212,695	0	311,528
<i>Equity</i>				
Contributed Capital:				
Net HUD PHA Contributions	0	6,392,135	0	6,392,135
Total Contributed Capital	0	6,392,135	0	6,392,135
Retained Earnings:				
Unreserved	(51,370)	1,352,155	0	1,300,785
Total Equity	(51,370)	7,744,290	0	7,692,920
Total Liabilities and Equity	\$47,463	\$7,956,985	\$0	\$8,004,448

GALLIA METROPOLITAN HOUSING AUTHORITY
 BIDWELL, OHIO
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY -
 PROPRIETARY FUND TYPE
 YEAR ENDING DECEMBER 31, 2003

	Section 8 Voucher	Public Housing	Capital Fund	Total
<i>Revenues</i>				
Tenant Revenues:				
Net Tenant Rental Revenue	\$0	\$86,816	\$0	\$86,816
Total Tenant Revenue	0	86,816	0	86,816
HUD PHA Grants/Operating Grants	552,995	505,343	0	1,058,338
Capital Grants	0	0	268,595	268,595
Investment Income - Unrestricted	145	82,989	0	83,134
Other Revenue	0	13,051	0	13,051
Total Revenue	553,140	688,199	268,595	1,509,934
<i>Expenses</i>				
Administrative:				
Administrative Salaries	58,642	144,025	0	202,667
Auditing Fees	1,824	0	0	1,824
Employee Benefit Contributions	24,812	71,839	0	96,651
Compensated Absences	603	(3,147)	0	(2,544)
Other Operating	14,863	51,497	0	66,360
Total Administrative	100,744	264,214	0	364,958
Tenant Services:				
Other	0	592	0	592
Total Tenant Services	0	592	0	592
Utilities:				
Water	0	98,754	0	98,754
Electricity	0	14,850	0	14,850
Gas	0	1,979	0	1,979
Total Utilities	0	115,583	0	115,583
Ordinary Maintenance & Operation:				
Labor	0	86,197	0	86,197
Materials and Other	0	71,520	0	71,520
Contract Costs	0	8,026	0	8,026
Protective Services- Other Contract Costs	0	7,190	0	7,190
Employee Benefit Contributions	0	43,667	0	43,667
Total Ordinary Maintenance Operation	0	216,600	0	216,600
General Expenses:				
Insurance Premiums	4,147	37,125	0	41,272
Total General Expenses	4,147	37,125	0	41,272
Total Operating Expenses	104,891	634,114	0	739,005
Excess Operating Revenue over Operating Expenses	448,249	54,085	268,595	770,929
Other Expenses:				
Housing Assistance Payments	461,916	0	0	461,916
Depreciation Expense	0	434,750	0	434,750
Total Operating Expenses	566,807	1,068,864	0	1,635,671
Excess (Deficiency) of Operating Revenue Over (Under) Expenses	(13,667)	(380,665)	268,595	(125,737)
Retained Earnings, Beginning of the Year (Restated)	(37,703)	1,732,820	(268,595)	1,426,522
Retained Earnings, End of Year	(51,370)	1,352,155	0	1,300,785
Contributed Capital at Beginning of Year	0	6,392,135	0	6,392,135
Contributed Capital at End of Year	0	6,392,135	0	6,392,135
Total Fund Equity at End of Year	(\$51,370)	\$7,744,290	\$0	\$7,692,920

GALLIA METROPOLITAN HOUSING AUTHORITY
 BIDWELL, OHIO
 COMBINING STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE
 FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Section 8 Voucher</u>	<u>Public Housing</u>	<u>Capital Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Operating Income/(Loss)	(\$13,667)	(\$380,665)	\$268,595	(\$125,737)
Adjustments to Reconcile Net Income/(Loss) to Net Cash Provided by Operating Activities:				
Depreciation	0	434,750	0	434,750
Changes in Operating Assets and Liabilities that Increase/(Decrease)				
Cash Flows:				
(Increase) Decrease In:				
Accounts Receivable - dwelling rent	0	9	0	9
Prepaid Expenses	0	(4,455)	0	(4,455)
Inventory	0	922	0	922
Interprogram - due from	0	(40,163)	0	(40,163)
Increase (Decrease) In:				
Accounts Payable	85	946	0	1,031
Accounts Payable - HUD	(9,129)	0	0	(9,129)
Security Deposits	0	44	0	44
Accrued Wages and Taxes	669	4,019	0	4,688
Accrued Compensated Absences	604	(4,495)	0	(3,891)
Interprogram - due to	40,163	0	0	40,163
Total Adjustments	<u>32,392</u>	<u>(43,173)</u>	<u>0</u>	<u>(10,781)</u>
Net Cash Provided By Operating Activities	18,725	10,912	268,595	298,232
CASH FLOWS FROM INVESTING ACTIVITIES:				
Change in Investments	<u>0</u>	<u>540</u>	<u>0</u>	<u>540</u>
Net Cash Provided By Investing Activities	0	540	0	540
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Change in fixed assets	<u>0</u>	<u>(152,583)</u>	<u>(268,595)</u>	<u>(421,178)</u>
Net Cash Used By Capital Financing Activities	0	(152,583)	(268,595)	(421,178)
Net Increase/(Decrease) In Cash	18,725	(141,131)	0	(122,406)
Cash At The Beginning Of Year (Restated)	<u>22,114</u>	<u>314,272</u>	<u>0</u>	<u>336,386</u>
Cash At End Of Year	<u>\$40,839</u>	<u>\$173,141</u>	<u>\$0</u>	<u>\$213,980</u>

GALLIA METROPOLITAN HOUSING AUTHORITY
BIDWELL, OHIO
SCHEDULE OF ACTIVITY
YEAR ENDING DECEMBER 31, 2003

At the close of the year ended December 31, 2003, the Gallia Metropolitan Housing Authority had the following operations management:

	<u>Units</u>
Low Rent Public Housing	142
Section 8 Housing Choice Vouchers	<u>183</u>
Total Units	<u><u>325</u></u>

GALLIA METROPOLITAN HOUSING AUTHORITY
BIDWELL, OHIO
ACTUAL MODERNIZATION COST CERTIFICATE
YEAR ENDING DECEMBER 31, 2003

MODERNIZATION PROJECT NUMBER: OH16-P0475-501-02

Original Funds Approved	\$289,936
Funds Disbursed	\$282,011
Funds Expended (Actual Modernization Cost)	\$282,011
Amount to be Recaptured	Not Applicable
Excess of Funds Disbursed	Not Applicable

BALESTRA, HARR & SCHERER, CPAs, INC.

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

Board of Commissioners
Gallia Metropolitan Housing Authority
Bidwell, Ohio 45614

We have audited the financial statements of the Gallia Metropolitan Housing Authority, Gallia County, as of and for the year ended December 31, 2003, and have issued our report thereon dated May 19, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Gallia 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 Gallia 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 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. However, we noted other matters involving the internal control over financial reporting, which we have reported to the management of the Gallia Metropolitan Housing Authority in a separate letter dated May 19, 2004.

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

Balestra, Harr & Scherer, CPAs, Inc.

Balestra, Harr & Scherer, CPAs, Inc.

May 19, 2004

BALESTRA, HARR & SCHERER, CPAs, INC.

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

Board of Commissioners
Gallia Metropolitan Housing Authority
Bidwell, Ohio 45614

Compliance

We have audited the compliance of Gallia Metropolitan Housing Authority with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2003. Gallia Metropolitan Housing 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 Gallia Metropolitan Housing Authority's management. Our responsibility is to express an opinion on Gallia 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* and the provisions of the Public and Indian Housing Compliance Supplement dated June 1995. 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 Gallia 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 Gallia Metropolitan Housing Authority's compliance with those requirements.

In our opinion, Gallia Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2003.

Internal Control Over Compliance

The management of Gallia Metropolitan Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Gallia 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.

Gallia Metropolitan Housing Authority
Report on Compliance with Requirements Applicable
To Each Major Program and 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 audit committee, management, members of the Board, and federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Balestra, Harr & Scherer, CPAs, Inc.
Balestra, Harr & Scherer, CPAs, Inc.

May 19, 2004

GALLIA METROPOLITAN HOUSING AUTHORITY
 BIDWELL, OHIO
 YEAR ENDING DECEMBER 31, 2003

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Was there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under section .510?	No
(d)(1)(vii)	Major Programs (list):	Section 8 Housing Choice Vouchers Program, CFDA # 14.871
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

Finding Number	None
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3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	None
CFDA Title and Number	
Federal Award Number/Year	
Federal Agency	
Pass-Through Agency	



**Auditor of State
Betty Montgomery**

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GALLIA METROPOLITAN HOUSING AUTHORITY

GALLIA 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
AUGUST 12, 2004**