

MEIGS METROPOLITAN
HOUSING AUTHORITY
POMEROY, OHIO

FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1999

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Commissioners
Meigs Metropolitan Housing Authority
Pomeroy, Ohio

We have reviewed the Independent Auditor's Report of the Meigs Metropolitan Housing Authority, Meigs County, prepared by Reynolds & Company, CPA's, for the audit period October 1, 1998 to September 30, 1999. 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. Meigs 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 1, 2000

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Meigs Metropolitan Housing Authority
Pomeroy, Ohio
and
Regional Inspector General for Audit
Department of Housing and Urban Development
Chicago, Illinois

We have audited the accompanying general purpose financial statements of Meigs Metropolitan Housing Authority as of and for the year ended September 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of Meigs Metropolitan Housing Authority's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of the Public and Indian Housing Compliance Supplements 96-32 and 96-53 and Directive No. 97-30. 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.

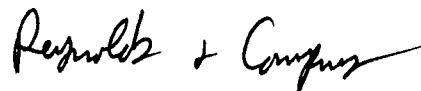
As described in Note 2 of the notes to the financial statements, the Authority does not capitalize equipment purchased with MR/DD grant funds and does not record depreciation on such assets. In our opinion, disclosure of that information is required to conform with generally accepted accounting principles; 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 Meigs Metropolitan Housing Authority as of September 30, 1999, and the results of its operations and the cash flows of its enterprise fund types for the year then ended, in conformity with the generally accepted accounting principles.

In accordance with *Government Auditing Standards* and the Consolidated Audit Guide for Audits of HUD Programs issued by the U.S. Department of Housing and Urban Development, we have also issued our report dated January 19, 2000, on our consideration of Meigs Metropolitan Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying supplementary information on pages 14 to 18 is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of Meigs Metropolitan Housing Authority. The accompanying schedule of expenditures of federal awards is presented for purposes 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 of Meigs Metropolitan Housing 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 stated, in all material respects, in relation to the, general purpose financial statements taken as a whole.

As described in Note 7 to the financial statements, certain reclassifications have been made to opening balances due to the correction of an error and the adoption of full accrual accounting in accordance with generally accepted accounting principles.



Reynolds & Company
Certified Public Accountants

Portsmouth, Ohio
January 19, 2000

FINANCIAL STATEMENTS

**MEIGS METROPOLITAN HOUSING AUTHORITY
POMEROY, OHIO**

**BALANCE SHEET
SEPTEMBER 30, 1999**

**PROPRIETARY FUND TYPE
ENTERPRISE**

ASSETS

CURRENT ASSETS:

Cash - Unrestricted	\$ 65,065
Prepaid insurance	<u>1,307</u>
Total current assets	66,372

RESTRICTED DEPOSITS - FSS	<u>16,082</u>
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Total assets	<u><u>\$ 82,454</u></u>
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LIABILITIES AND FUND EQUITY

CURRENT LIABILITIES:

Accounts payable - less than 90 days past due	\$ 34
Accounts payable - 90 days past due	553
Accrued sick leave	672
Accounts payable - HUD	31,158
Current portion of long-term debt	1,622
Undistributed credits - FSS	<u>16,082</u>

Total current liabilities	50,121
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Long-term portion of debt	<u>7,918</u>
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Total liabilities	58,039
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FUND EQUITY:

Net HUD PHA contributions	17,385
Retained earnings	<u>7,030</u>

Total fund equity	<u>24,415</u>
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Total liabilities and fund equity	<u><u>\$ 82,454</u></u>
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The Notes to Financial Statements are an integral part of this statement.

**MEIGS METROPOLITAN HOUSING AUTHORITY
POMEROY, OHIO**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN RETAINED EARNINGS
FOR THE YEAR ENDED SEPTEMBER 30, 1999**

	<u>PROPRIETARY FUND TYPE</u> <u>ENTERPRISE</u>
REVENUES	
Tenant rental revenue	\$ 7,950
HUD PHA grants	350,301
Section 8 income – portability	11,025
Investment income – unrestricted	2,137
Other	<u>1,862</u>
Total revenues	<u>373,275</u>
EXPENSES	
Administrative salaries	30,732
Auditing fees	5,720
Compensated absences	672
Employee benefits	5,134
Other operating – administrative	7,238
Ordinary maintenance and operations	2,414
Insurance premiums	525
Interest expense	906
Housing assistance payments	306,122
Housing assistance payments – portability	<u>5,092</u>
Total expenses	<u>364,555</u>
Net income	<u><u>\$ 8,720</u></u>

MEIGS METROPOLITAN HOUSING AUTHORITY
POMEROY, OHIO

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN RETAINED EARNINGS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 1999

	<u>PROPRIETARY FUND TYPE</u> ENTERPRISE
EQUITY, BEGINNING	
Net HUD PHA contributions	\$ 4,211
Retained earnings	<u>14,598</u>
	18,809
PRIOR PERIOD ADJUSTMENT AND RECLASSIFICATIONS (NOTE 8)	
Net HUD PHA contributions	13,174
Retained earnings	<u>(16,288)</u>
	(3,114)
EQUITY, BEGINNING, as restated	
Net HUD PHA contributions	17,385
Retained earnings	<u>(1,690)</u>
	15,695
EQUITY, ENDING	
Net HUD PHA contributions	17,385
Retained earnings	<u>7,030</u>
	<u>\$ 24,415</u>

The Notes to Financial Statements are an integral part of this statement.

**MEIGS METROPOLITAN HOUSING AUTHORITY
POMEROY, OHIO**

**COMBINED STATEMENT OF CASH FLOWS
Increase (Decrease) in Cash and Cash Equivalents
YEAR ENDED SEPTEMBER 30, 1999**

	<u>PROPRIETARY FUND TYPE</u> <u>ENTERPRISE</u>
CASH FROM OPERATING ACTIVITIES	
Rental receipts	\$ 370,724
Interest received	2,137
Other cash received	<u>1,861</u>
	374,722
Administrative	(5,720)
Salaries and wages	(36,193)
Operating and maintenance	(303,986)
Interest on mortgage	(906)
Property taxes	<u>(808)</u>
	<u>(347,613)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	27,109
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal payments on long-term debt	<u>(1,489)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	25,620
Cash and cash equivalents, beginning of year	<u>55,527</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 81,147</u>
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Net income	\$ 8,720
Adjustment to reconcile net income to net cash provided by operating activities	
Increase or decrease in:	
Accounts receivable - HUD	1,448
Prepaid insurance	(1,307)
Accounts payable - less than 90 days	34
Accounts payable - greater than 90 days	(1,400)
Accrued sick leave	345
Accounts payable - HUD	19,756
Undistributed credits - FSS	<u>(487)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 27,109</u>

The Notes to Financial Statements are an integral part of this statement.

**MEIGS METROPOLITAN HOUSING AUTHORITY
POMEROY, OHIO**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1999**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization and Operations

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.

Basis of Accounting

The financial statements of Meigs Metropolitan Housing Authority (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 and similar component units 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.

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.

Funds and Account Groups

The accounts of the Authority are organized into funds and account groups, each of which is considered to be a separate accounting entity. The major fund categories and account groups are:

**MEIGS METROPOLITAN HOUSING AUTHORITY
POMEROY, OHIO**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 1999**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Fund Types (Enterprise Funds): Proprietary funds use the economic resources measurement focus. The accounting objectives are determination of net income, financial position, and cash flows. All assets and liabilities associated with a proprietary fund's activities are included on its balance sheet. Proprietary fund equity is segregated into contributed capital and retained earnings.

Cash and Investments

The Authority's pooled deposits are categorized to give an indication of the level of risk assumed by the Authority at September 30, 1999. The categories are described as follows:

Category 1 – Insured or registered, or securities held by the Authority or its agent in the Authority's name.

Category 2 – Uninsured and registered, with securities held by the counterparty's trust department or agent in the Authority's name.

Category 3 – Uninsured and unregistered, with securities held by the counterparty, or its trust department or agent but not in the Authority's name.

Deposits, categorized by level of risk, at September 30, 1999 were:

<u>Pooled deposits 09/30/99</u>	<u>Bank Balance</u>	<u>1</u>	<u>Category</u>	
			<u>2</u>	<u>3</u>
Pooled cash	\$116,347	\$ 116,347	\$ -0-	\$ -0-

NOTE 2. RESTRICTED CASH - FSS

Amounts in this account represent funds deposited for participants in the Family Self Sufficiency Program. The purpose of this program is to help participants achieve economic independence and self-sufficiency.

**MEIGS METROPOLITAN HOUSING AUTHORITY
POMEROY, OHIO**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 1999**

NOTE 3. 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, expenditures and changes in fund balances 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 4. DEFINED BENEFIT PENSION PLANS

Public Employees Retirement System

1. Pension Benefit Obligation

All employees of the Commission participate in the Public Employees Retirement System of Ohio (the "PERS of Ohio"), a cost-sharing multiple employer defined benefit pension plan. PERS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Public Employees Retirement System of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the PERS of Ohio. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085.

**MEIGS METROPOLITAN HOUSING AUTHORITY
POMEROY, OHIO**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 1999**

NOTE 4. DEFINED BENEFIT PENSION PLANS (Continued)

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate for employees is 8.5%. The 1999 employer rate for local government employer units was 13.55% of covered payroll, 8.44% to fund the pension benefit obligation and 5.11% to fund health care. The contribution requirements of the plan members and the commission are established and may be amended by the Public Employees Retirement Board. The Authority's contributions to the PERS of Ohio for the years ending September 30, 1999, 1998 and 1997 were \$4,164, \$4,113 and \$3,508, respectively, which were equal to the required contributions for each year.

2. Other Postemployment Benefits

In addition to the pension benefit obligation described above, the PERS of Ohio provides postemployment health care benefits to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is also available. A portion of each employer's contribution to the PERS of Ohio is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions and requires employers to fund postemployment health care through their contributions to the PERS of Ohio. The portion of the 1999 employer contribution rate (identified above) that was used to fund health care for the year 1999 was \$1,291, or 4.2% of covered payroll.

The health inflation and significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the PERS of Ohio's latest actuarial review performed as of December 31, 1995. There were 369,467 active contributing participants in the PERS of Ohio as of December 31, 1995. An entry age normal actuarial cost method of valuation was used in determining the present value of benefit liabilities and normal cost. The difference between assumed and actual experience (actuarial gains and losses) became part of unfunded actuarial accrued liability. Short-term securities consisting of commercial paper and U.S. Treasury obligations were carried at cost, which approximated market value. Equity securities, fixed income

**MEIGS METROPOLITAN HOUSING AUTHORITY
POMEROY, OHIO**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 1999**

NOTE 4. DEFINED BENEFIT PENSION PLANS (Continued)

investments and investments in real estate were carried at market. Using the smoothed market approach for actuarial valuation purposes, assets were adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 1995 was 7.75%. An annual increase of 5.25% compounded annually was the base portion of the individual pay increase assumptions, which assumed no change in the number of active employees. Additionally, annual pay increases over and above the 5.25% base increase were assumed to range for 0% to 5.1%. Health care premiums were assumed to increase 5.25% annually.

The "Other Postemployment Benefit Obligation" as December 31, 1995 for the PERS of Ohio as a whole determined through an actuarial valuation performed as of that date was \$8,597,000,000. The PERS of Ohio's net assets available for other postemployment benefits as of that date was \$7,226,000,000, leaving an unfunded actuarial accrual liability based on the actuarial cost method of \$1,371,000,000.

NOTE 5. NOTE PAYABLE

Note payable at September 30, 1999 consisted of the following:

Mortgage payable to bank at 8.75% due in monthly installments of \$199, including interest through August 12, 2004. Secured by real estate	\$ 9,540
Less current portion	<u>(1,622)</u>

Note payable - long term at 09/30/99	<u>\$ 7,918</u>
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The principal payment requirements as of September 30, 1999 for the next five years are as follows:

2000	\$ 1,622
2001	1,772
2002	1,934
2003	<u>4,212</u>

\$ 9,540

**MEIGS METROPOLITAN HOUSING AUTHORITY
MIDDLEPORT, OHIO**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 1999**

NOTE 6. PRIOR PERIOD ADJUSTMENT AND RECLASSIFICATIONS

For 1999, the Authority was required to adopt the full accrual method of accounting in accordance with generally accepted accounting principles. Also, certain errors resulting in the overstatement of previously reported assets and income in prior years were found and corrected in 1999. As a result of these changes, beginning equity amounts have been adjusted as follows:

	<u>Net HUD PHA Contributions</u>	<u>Retained Earnings</u>
Ending balance at September 30, 1998	\$ 4,211	\$ 18,178
Overstatement of accounts receivable	(3,114)	
Reclassification per 1999 HUD approved contract	<u>16,288</u>	<u>(16,288)</u>
Restated balance as of September 30, 1998	<u>\$17,385</u>	<u>\$ 1,890</u>

NOTE 7. YEAR 2000 ISSUE

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the Authority's operations as early as fiscal year 2000.

The Authority has completed an inventory of computer systems and other electronic equipment that may be affected by the year 2000 issue and are necessary to conducting the Housing Authority's operations. The Authority has identified the following system requiring year 2000 remediation:

MEIGS METROPOLITAN HOUSING AUTHORITY
MIDDLEPORT, OHIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 1999

NOTE 7. YEAR 2000 ISSUE (Continued)

Financial Reporting and Billing

The Authority plans to remediate all Y2K deficiencies in the financial reporting and billing area by the purchase of upgraded hardware and software. Testing and validation of the new systems will need to be completed after installation.

The Authority has completed testing and validation of all electronic equipment used for the organization's operations.

To the best of management's knowledge and belief, as of January 19, 2000, the Authority experienced no significant interruption of mission-critical operations or services related to the Year 2000 Issue. However, because of the unprecedented nature of the Year 2000 Issue, matters may yet arise, and parties with whom the Authority does business may also experience Year 2000 readiness issues that are as yet, unknown.

SUPPLEMENTAL INFORMATION

**MEIGS METROPOLITAN HOUSING AUTHORITY
POMEROY, OHIO**

**COMBINING BALANCE SHEET – ENTERPRISE FUNDS
(FINANCIAL DATA SCHEDULE – AS REQUIRED BY HUD)
SEPTEMBER 30, 1999**

<u>LINE ITEM #</u>	<u>ACCOUNT DESCRIPTION</u>	<u>SECTION 8 RENTAL VOUCHER PROGRAM 14.855</u>	<u>MR/DD</u>	<u>TOTAL</u>
ASSETS:				
Current Assets:				
111	Cash – Unrestricted	\$ 55,888	\$ 9,177	\$ 65,065
142	Prepaid insurance	<u>1,307</u>	<u>1,307</u>	<u>1,307</u>
	Total current assets	55,888	10,484	66,372
	Restricted Deposits - FSS	<u>16,082</u>	<u> </u>	<u>16,082</u>
150	Total assets	<u>\$ 71,970</u>	<u>\$ 10,484</u>	<u>\$ 82,454</u>
LIABILITIES AND FUND BALANCES:				
LIABILITIES:				
Current Liabilities:				
312	Accounts payable – less than 90 days past due		\$ 34	\$ 34
313	Accounts payable – 90 days past due	\$ 553		553
322	Accrued sick leave	672		672
331	Accounts payable – HUD	31,158		31,158
344	Current portion of long Term debt		1,622	1,622
346	Undistributed credits – FSS	<u>16,082</u>	<u> </u>	<u>16,082</u>
310	Total current liabilities	48,465	1,656	50,121
NONCURRENT LIABILITIES:				
352	Long-term portion of debt	<u> </u>	<u>7,918</u>	<u>7,918</u>
300	Total liabilities	48,465	9,574	58,039
FUND BALANCES:				
Contributed capital:				
504	Net HUD PHA contributions	17,385		17,385
512	Retained earnings	<u>6,120</u>	<u>910</u>	<u>7,030</u>
513	Total fund balances	<u>23,505</u>	<u>910</u>	<u>24,415</u>
600	Total liabilities and fund balances	<u>\$ 71,970</u>	<u>\$ 10,484</u>	<u>\$ 82,454</u>

**MEIGS METROPOLITAN HOUSING AUTHORITY
POMEROY, OHIO**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND RETAINED EARNINGS -
ENTERPRISE FUNDS
(FINANCIAL DATA SCHEDULE - AS REQUIRED BY HUD)
SEPTEMBER 30, 1999**

<u>LINE ITEM #</u>	<u>ACCOUNT DESCRIPTION</u>	<u>SECTION 8 RENTAL VOUCHER PROGRAM 14.855</u>	<u>MR/DD</u>	<u>TOTAL</u>
REVENUES				
703	Tenant rental revenue		\$ 7,950	\$ 7,950
706	HUD PHA grants	\$ 350,301		350,301
710	Section 8 income - portability	11,025		11,025
711	Investment income - unrestricted	2,137		2,137
715	Other	<u>1,862</u>		<u>1,862</u>
700	Total revenues	365,325	7,950	373,275
EXPENDITURES				
911	Administrative salaries	30,732		30,732
912	Auditing fees	5,720		5,720
914	Compensated absences	672		672
915	Employee benefits	5,134		5,134
916	Other operating - Administrative	6,431	807	7,238
942	Ordinary maintenance and operations	1,192	1,222	2,414
961	Insurance premiums		525	525
967	Interest expense		906	906
973	Housing assistance payments	306,122		306,122
973	Housing assistance payments - portability	<u>5,092</u>		<u>5,092</u>
900	Total expenditures	361,095	3,460	364,555
1000	Excess (deficiency) of revenues over expenditures	<u>4,230</u>	<u>4,490</u>	<u>8,720</u>

MEIGS METROPOLITAN HOUSING AUTHORITY
POMEROY, OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES AND RETAINED EARNINGS -
ENTERPRISE FUNDS
(FINANCIAL DATA SCHEDULE - AS REQUIRED BY HUD)
SEPTEMBER 30, 1999

<u>LINE ITEM #</u>	<u>ACCOUNT DESCRIPTION</u>	<u>SECTION 8 RENTAL VOUCHER PROGRAM 14.855</u>	<u>MR/DD</u>	<u>TOTALS</u>
	EQUITY, BEGINNING			
	Net HUD PHA contributions	\$ 4,211		\$ 4,211
	Retained earnings	<u>18,178</u>	\$ (3,580)	<u>14,598</u>
		22,389	(3,580)	18,809
	PRIOR PERIOD ADJUSTMENT AND RECLASSIFICATION			
	Net HUD PHA contributions	13,174		13,174
	Retained earnings	<u>(16,288)</u>		<u>(16,288)</u>
		(3,114)		(3,114)
	EQUITY, BEGINNING, as restated			
	Net HUD PHA contributions	17,385		17,385
	Retained earnings	<u>1,890</u>	(3,580)	<u>(1,690)</u>
		19,275	(3,580)	15,695
	EQUITY, ENDING			
	Net HUD PHA contributions	17,385		17,385
	Retained earnings	<u>6,120</u>	<u>910</u>	<u>7,030</u>
		<u>\$ 23,505</u>	<u>\$ 910</u>	<u>\$ 24,415</u>

MEIGS METROPOLITAN HOUSING AUTHORITY
POMEROY, OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES AND RETAINED EARNINGS -
ENTERPRISE FUNDS (CONTINUED)
(FINANCIAL DATA SCHEDULE - AS REQUIRED BY HUD)
SEPTEMBER 30, 1999

<u>LINE ITEM #</u>	<u>ACCOUNT DESCRIPTION</u>	<u>SECTION 8 RENTAL VOUCHER PROGRAM 14.855</u>	<u>MR/DD</u>	<u>TOTAL</u>
1100	Change in contributed capital	\$ 4,230	\$ 4,490	\$ 8,720
1101	Capital outlays - Enterprise funds			
1102	Debt principal payments - Enterprise		1,489	1,489
1103	Beginning equity	22,389	(3,580)	18,809
1104	Prior period adjustments	(3,114)		(3,114)
1105	Changes in compensated absences	345		345
1106	Changes in cont. liability balance			
1107	Changes in unrecognized pension transition liabilities			
1108	Changes in special term/severance benefits liability			
1109	Changes in allow for doubtful accts - dwelling rents			
1110	Changes in allow for doubtful - other			
1112	Depreciation "Add Back"			
1120	Gross number of units	96		96
1121	Number of units leased	88		88

**MEIGS METROPOLITAN HOUSING AUTHORITY
POMEROY, OHIO**

**COMBINED STATEMENT OF CASH FLOWS
Increase (Decrease) in Cash and Cash Equivalents
YEAR ENDED SEPTEMBER 30, 1999**

	<u>MMHA</u>	<u>MR/DD</u>	<u>TOTALS</u>
CASH FROM OPERATING ACTIVITIES:			
Rental receipts	\$ 362,774	\$ 7,950	\$ 370,724
Interest received	2,137		2,137
Other cash received	<u>1,861</u>		<u>1,861</u>
	366,772	<u>7,950</u>	374,722
Administrative	(5,720)		(5,720)
Salaries and wages	(36,193)		(36,193)
Operating and maintenance	(300,967)	(3,019)	(303,986)
Interest on mortgage		(906)	(906)
Property taxes		<u>(808)</u>	<u>(808)</u>
	<u>(342,880)</u>	<u>(4,733)</u>	<u>(347,613)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	23,892	3,217	27,109
 CASH FLOWS FROM FINANCING ACTIVITIES			
Principal payments on long-term debt	<u> </u>	<u>(1,489)</u>	<u>(1,489)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	23,892	1,728	25,620
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR			
	<u>48,078</u>	<u>7,449</u>	<u>55,527</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR			
	<u>\$ 71,970</u>	<u>\$ 9,177</u>	<u>\$ 81,147</u>
 RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Net income	\$ 4,230	\$ 4,490	\$ 8,720
Adjustment to reconcile net income to net cash provided by operating activities:			
Increase or decrease in:			
Accounts receivable - HUD	1,448		1,448
Prepaid insurance		(1,307)	(1,307)
Accounts payable - Less than 90 day		34	34
Accounts payable - Greater than 90 days	(1,400)		(1,400)
Accrued sick leave	345		345
Accounts payable - HUD	19,756		19,756
Undistributed credits - FSS	<u>(487)</u>		<u>(487)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 23,892</u>	<u>\$ 3,217</u>	<u>\$ 27,109</u>

MEIGS METROPOLITAN HOUSING AUTHORITY
POMEROY, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 1999

<u>Federal Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Period</u>	<u>Disbursements or Expenditures</u>
U.S. Department of HUD:			
Housing Assistance Payments:			
Contract C-5110	14.855	1999	\$ 356,615
			<u>\$ 356,615</u>

See accompanying notes to schedule of expenditures of federal awards.

**MEIGS METROPOLITAN HOUSING AUTHORITY
POMEROY, OHIO**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 1999**

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards includes the federal award activity of Meigs Metropolitan Housing Authority and is presented on the accrual basis of accounting consistent with the preparation of the general purpose financial statements. 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*.

REYNOLDS & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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Jeffrey T. Dever
Michael L. Gampp
William H. Tackett

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Wayne L. Thompson

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(1927 - 1999)

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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
Meigs Metropolitan Housing Authority
Pomeroy, Ohio
and
Regional Inspector General for Audit
Department of Housing and Urban Development
Chicago, Illinois

We have audited the general purpose financial statements of Meigs Metropolitan Housing Authority, as of and for the year ended September 30, 1999, and have issued our report thereon dated January 19, 2000, 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the provisions of the Public and Indian Housing Compliance Supplements 96-32 and 96-53 and Directive No. 97-30.

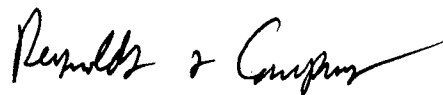
Compliance

As part of obtaining reasonable assurance about whether Meigs Metropolitan Housing Authority's general purpose 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 Meigs 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 general purpose 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 general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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



Reynolds & Company
Certified Public Accountants

Portsmouth, Ohio
January 19, 2000

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

To the Board of Commissioners
Meigs Metropolitan Housing Authority
Pomeroy, Ohio
and
Regional Inspector General for Audit
Department of Housing and Urban Development
Chicago, Illinois

Compliance

We have audited the compliance of Meigs Metropolitan Housing Authority with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 1999. Meigs Metropolitan Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs on pages 28 to 29. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Meigs Metropolitan Housing Authority's management. Our responsibility is to express an opinion on Meigs Metropolitan Housing Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; 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 Public and Indian Housing Compliance and Supplements 96-32 and 96-53 and Directive No. 97-30. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether

noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Meigs 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 Meigs Metropolitan Housing Authority's compliance with those requirements.

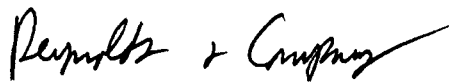
In our opinion, Meigs Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 1999. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and are described in the accompanying schedule of findings and questioned costs as items 99-1 and 99-2. We also noted immaterial instances of noncompliance which were reported to management in a separate letter dated January 19, 2000.

Internal Control Over Compliance

The management of Meigs Metropolitan Housing Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Meigs 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 the 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 Trustees, management, others within the organization and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



Reynolds & Company
Certified Public Accountants

Portsmouth, Ohio
January 19, 2000

**MEIGS METROPOLITAN HOUSING AUTHORITY
POMEROY, OHIO**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 1999**

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses a qualified opinion on the general purpose financial statements of Meigs Metropolitan Housing Authority.
2. No reportable conditions relating to the audit of the general purpose financial statements are reported in the Report on Compliance and Internal Control Over Financial Reporting on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of Meigs Metropolitan Housing Authority were disclosed during the audit.
4. Two reportable conditions disclosed during the audit of federal award programs are reported in the Report on Compliance with Requirements Applicable to each major program and Internal Control Over Compliance in Accordance with OMB Circular A-133. None are considered material weaknesses.
5. The auditor's report on compliance for Meigs Metropolitan Housing Authority expresses an unqualified opinion.
6. Audit findings relative to the major federal award program for Meigs Metropolitan Housing Authority are reported in this schedule.
7. The only major program of the Authority was the Section 8 Housing Assistance Program, CFDA No. 14.855.
8. The dollar threshold used to distinguish the Type A Program was \$300,000.
9. The auditee qualified as a low-risk auditee.

MEIGS METROPOLITAN HOUSING AUTHORITY
POMEROY, OHIO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 1999

FINDINGS RELATED TO FINANCIAL STATEMENTS IN ACCORDANCE WITH GENERALLY ACCEPTED
GOVERNMENTAL AUDITING STANDARDS

None.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Section 8 Housing Assistance – CFDA No. 14.855

99-1 Grant C-5110 – Year ended September 30, 1999

Condition & Criteria: Tenant files did not contain appropriate signatures on tenant lease. At a minimum HUD requires the owner signature on the lease to release housing assistance payments.

Effect: Possible pay back of grant monies.

Cause: Follow-up on required signatures was not completed.

Recommendation: Employees should establish and complete follow-up procedures for required signatures.

99-2 Grant C-5110 – Year ended September 30, 1999

Condition & Criteria: Tenant files did not contain a copy of form 50058 (annual recertification form). HUD regulations require public housing authorities to verify income, members in households, and other tenant data at least annually to ensure the appropriate housing assistance payment is calculated.

Effect: Possible pay back of grant monies.

Cause: Follow-up on the printing or submission was not completed.

Recommendation: After recertification information is entered into HUD system, print out a copy of form 50058.



**STATE OF OHIO
OFFICE OF THE AUDITOR**

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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
NOVEMBER 14, 2000**