

Ironton Metropolitan Housing Authority

Lawrence County

Single Audit

October 1, 1999 Through September 30, 2000

Fiscal Year Audited Under GAGAS: 2000

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Board of Commissioners
Ironton Metropolitan Housing Authority
720 Washington Street
Ironton, Ohio 45638

We have reviewed the independent auditor's report of the Ironton Metropolitan Housing Authority, Lawrence County, prepared by Balestra & Company, Certified Public Accountants, for the audit period October 1, 1999 through September 30, 2000. 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 Ironton Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

May 31, 2001

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IRONTON METROPOLITAN HOUSING AUTHORITY
IRONTON, OHIO
YEAR ENDING SEPTEMBER 30, 2000

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INDEPENDENT AUDITORS' REPORT

We have audited the accompanying general purpose financial statements of Ironton Metropolitan Housing Authority, Lawrence County, as of and for the year ended September 30, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of the Ironton 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. 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 Ironton Metropolitan Housing Authority, as of September 30, 2000, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 9, 2001 on our consideration of the Ironton Metropolitan Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of Ironton Metropolitan Housing Authority, Lawrence County, 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.

Ironton Metropolitan Housing Authority
Independent Auditors' Report
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Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of Ironton Metropolitan Housing Authority, Lawrence County, 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 & Company
Balestra & Company
Certified Public Accountants

March 9, 2001

IRONTON METROPOLITAN HOUSING AUTHORITY
 IRONTON, OHIO
 COMBINED BALANCE SHEET - PROPRIETARY FUND TYPE
 YEAR ENDING SEPTEMBER 30, 2000

	ENTERPRISE
<i>Assets</i>	
Current Assets:	
Cash - Unrestricted	\$1,157,909
Accounts Receivable:	
Miscellaneous	14,148
HUD Other Projects	25,510
Tenants - Dwelling Rents	4,223
Interprogram Due From	5,003
Prepaid Expenses and Other Assets	9,885
Total Current Assets:	1,216,678
Noncurrent Assets:	
Land	500,242
Building	6,764,768
Furniture, Equipment & Machinery - Dwellings	257,991
Furniture, Equipment & Machinery - Administration	117,069
Leasehold Improvements	829,459
Accumulated Depreciation	(4,529,665)
Fixed Assets, Net of Accumulated Depreciation	3,939,864
Total Noncurrent Assets:	3,939,864
<i>Total Assets</i>	\$5,156,542
 <i>Liabilities</i>	
Current Liabilities:	
Accrued Wages/Payroll Taxes Payable	\$263
Accounts Payable:	
<= 90 Days Past Due	19,406
HUD PHA Programs	367
Compensated Absences	17,273
Tenant Security Deposits	38,302
Interprogram Due To	5,003
Intergovernmental Payable	29,658
Total Current Liabilities:	110,272
<i>Total Liabilities</i>	110,272
 <i>Equity</i>	
Contributed Capital:	
Net HUD PHA Contributions	3,939,864
Other Contributions	7,550
Total Contributed Capital	3,947,414
Retained Earnings:	
Unreserved	1,098,856
<i>Total Equity</i>	5,046,270
<i>Total Liabilities and Equity</i>	\$5,156,542

See accompanying notes to the general purpose financial statements

IRONTON METROPOLITAN HOUSING AUTHORITY
 IRONTON, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY -
 PROPRIETARY FUND TYPE
 YEAR ENDING SEPTEMBER 30, 2000

	<u>ENTERPRISE</u>
<i>Revenues</i>	
Tenant Revenues:	
Net Tenant Rental Revenue	\$503,042
Tenant Revenue - Other	17,802
Total Tenant Revenue	520,844
HUD PHA Grants	475,854
Investment Income - Unrestricted	86,963
Other Revenue	25,708
Total Revenue	1,109,369
<i>Expenses</i>	
Administrative:	
Administrative Salaries	150,620
Auditing Fees	11,195
Employee Benefit Contributions	58,338
Other Operating	46,894
Total Administrative	267,047
Tenant Services:	
Tenant Services - Salaries	2,175
Employee Benefit Contributions	6,446
Total Tenant Services	8,621
Utilities:	
Water	78,114
Electricity	100,735
Gas	41,631
Total Utilities	220,480
Ordinary Maintenance & Operation:	
Labor	120,102
Materials and Other	27,304
Contract Costs	133,242
Employee Benefit Contributions	47,789
Total Ordinary Maintenance - Operation	328,437
General Expenses:	
Insurance Premiums	20,063
Payments in Lieu of Taxes	29,658
Bad Debt - Tenant Rents	16,154
Other	106
Interest Expense	11,700
Severance Expense	30,222
Total General Expenses	107,903
Total Operating Expenses	932,488
Excess Operating Revenue over Operating Expenses	176,881
Other Expenses:	
Loss on Sale of Fixed Assets	502
Housing Assistance Payments	132,335
Depreciation Expense	222,214
Total Expenses	1,287,539
Excess (Deficiency) of Operating Revenue Over (Under) Expenses	(178,170)
Retained Earnings, Beginning of the Year (Restated - See Note 13)	1,277,026
Retained Earnings, End of Year	1,098,856
Contributed Capital at Beginning of Year	583,407
Contributions During Year	3,364,007
Contributed Capital at End of Year	3,947,414
Total Fund Equity at End of Year	\$5,046,270

See accompanying notes to the general purpose financial statements

IRONTON METROPOLITAN HOUSING AUTHORITY
 IRONTON, OHIO
 COMBINED STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE
 YEAR ENDING SEPTEMBER 30, 2000

	<u>ENTERPRISE</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Net Operating Income	(\$178,170)
Adjustments to reconcile net loss to net cash provided by operating activities	
(Increase) Decrease In:	
Accounts Receivable	(9,429)
Prepaid Expenses and Other Assets	3,168
Interprogram Due to	(5,003)
Increase (Decrease) In:	
Accounts Payable	6,031
Accrued Wages/Payroll Taxes Payable	(7,557)
Accrued Expense	(56,229)
Compensated Absences	(3,543)
Trust and Deposit Liabilities	1,391
Interprogram Due to	1,082
Intergovernmental Payable	29,658
Depreciation Expense	<u>222,514</u>
Net Cash Provided By Operating Activities	<u>3,913</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:	
Modernization Improvements	(744,888)
CIP Funding	<u>744,888</u>
Net Cash Used By Capital Financing Activities	<u>0</u>
Net Increase (Decrease) In Cash	3,913
Cash At The Beginning Of Year	<u>1,153,996</u>
Cash At End Of Year	<u><u>\$1,157,909</u></u>

See accompanying notes to the general purpose financial statements

IRONTON METROPOLITAN HOUSING AUTHORITY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2000

1. DESCRIPTION OF THE HOUSING AUTHORITY AND REPORTING ENTITY

The Ironton Metropolitan Housing Authority (the Authority is a political subdivision of the State of Ohio, created under Section 3735.27 of the Ohio Revised Code.

The Ironton Metropolitan Housing Authority was established for the purpose of engaging the development, acquisition, and administrative activities of the low-income housing program and other programs with similar objectives. The United States Department of Housing and Urban Development (HUD) has direct responsibility for administering the low-income housing program under the United States Housing Act of 1937, as amended. HUD is authorized to enter into contracts with local housing authorities to make grants to assist the local housing authorities in financing the acquisition, construction, and/or leasing of housing units and to make annual contributions (subsidies) to the local housing authorities for the purpose of maintaining the low-rent character of the local housing program.

Description of Programs

A. PUBLIC HOUSING PROGRAM

The public housing program is designed to provide low-cost housing within Lawrence County. Under this program, HUD provides funding via an annual contributions contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the program.

B. MODERNIZATION PROGRAMS

Substantially all additions to land, structures, and equipment are accomplished through modernization programs (included in the financial statements under the public housing program). Modernization funds replace or materially upgrade deteriorated portions of existing Authority property.

C. HOUSING ASSISTANCE PAYMENTS PROGRAM - SECTION 8

The Authority administers a program of rental assistance payments to private owners on behalf of eligible low-income families under Section 8 of the Housing and Urban Development Act of 1974. The program provides payments covering the difference between the maximum rental on a dwelling unit, as approved by HUD, and the amount of rent contribution by a participating family.

REPORTING ENTITY

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the Authority are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Authority. For the Authority, this includes general operations, public housing, section 8, and modernization programs. Component units are legally separate organizations for which the Authority is financially accountable.

IRONTON METROPOLITAN HOUSING AUTHORITY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2000

1. DESCRIPTION OF THE HOUSING AUTHORITY AND REPORTING ENTITY (Continued)

REPORTING ENTITY (Continued)

The Authority is financially accountable for an organization if the Authority appoints a voting majority of the organization's governing board and (1) the Authority is able to significantly influence the programs or services performed or provided by the organization or (2) the Authority is legally entitled to or can otherwise access the organization's resources; (3) the Authority is legally obligated or has assumed responsibility to finance the deficits of, or provide fiscal support to, the organization; (4) the Authority is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Authority in that the Authority approves the budget, the levying of taxes or issuance of debt. The Authority did not have any component units or other related organizations in 2000.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Ironton Metropolitan Housing Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applies to governmental units. The Governmental Accounting Standards Board is the accepted standard - setting body for establishing governmental accounting and financial reporting principles. The Ironton Metropolitan Housing Authority also applies Financial Accounting Standards Board Statements and Interpretations issued before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the Authority's accounting policies are described below.

A. BASIS OF PRESENTATION - FUND ACCOUNTING

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

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. For financial statement presentation purposes, the various funds of the Authority are grouped into the following fund type:

PROPRIETARY FUNDS TYPE: Proprietary funds are used to account for the Authority's ongoing activities which are similar to those found in a private sector. The following is the Authority's proprietary fund type:

IRONTON METROPOLITAN HOUSING AUTHORITY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2000

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. **BASIS OF PRESENTATION - FUND ACCOUNTING (Continued)**

Enterprise Funds - The enterprise funds are used to account for operations 1) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services of the general public on a continuing basis be financed or recovered primarily through user charges; or 2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

B. **MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

Proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund type income statements represent increase (e.g. revenues) and decreases (e.g. expenditures and other financing uses) in net total assets.

C. **BASIS OF ACCOUNTING**

The accrual basis of accounting is used for reporting purposes by the proprietary fund types. Revenues are recognized when they are earned and measurable and expenses are recorded at the time liabilities are incurred, if measurable.

D. **BUDGETARY DATA**

The Authority is not required to follow the budgetary requirements of the Ohio Revised Code. However, the Authority does maintain a budget for management purposes.

E. **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of funds deposited in checking accounts. Cash equivalents are stated at cost, which approximates market value.

The Authority has investments in the form of certificates of deposits. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as certificates of deposit are reported at cost.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the Authority with an original maturity of three months or less at the time they are purchased by the Authority are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

IRONTON METROPOLITAN HOUSING AUTHORITY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2000

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. PROPERTY, PLANT AND EQUIPMENT

The fixed asset values initially were determined by assigning original acquisition costs when such information was available. In cases where information supporting original costs was not available, estimated historical costs were developed. Donated fixed assets are capitalized at estimated fair market value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements which extend the useful life or increase the capacity or operating efficiency of the asset are capitalized at cost.

Enterprise Fund Fixed Assets: Fixed assets reflected in the enterprise funds are stated at historical cost (or estimated historical cost) and are updated for the cost of additions and retirements during the year. Depreciation has been provided on a straight-line basis over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	20-40 years
Building Improvements	20 years
Furniture and Fixtures	5-10 years
Equipment and Machinery	3-10 years

Fixed assets acquired from resources externally restricted for capital acquisition (e.g. capital grants) are recorded as contributed capital in the benefiting proprietary fund. Depreciation on these assets is recorded as an expense but is closed to contributed capital rather than to retained earnings.

G. PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond September 30, 2000, are recorded as prepaid items by using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the year in which services are consumed.

IRONTON METROPOLITAN HOUSING AUTHORITY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2000

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. COMPENSATED ABSENCES

In 1999, the Authority implemented the provisions of GASB Statement No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination method. The liability includes the employees who are currently eligible to receive termination benefits and by those employees for whom it is probable will become eligible to receive payment in the future. The amount is based on accumulated sick leave and employee's wage rates at year end.

In proprietary funds, compensated absences are expensed when earned. The entire amount of compensated absences is reported as a fund liability.

I. TAX LIABILITY

The Authority is by law exempt from all Federal, state, and local taxes and assessments. The Authority has elected to pay a "Payment in Lieu of Taxes (PILOT)" based principally on a percentage of tenant dwelling income received from HUD-assisted programs.

J. INTERGOVERNMENTAL REVENUES

Grants, entitlements or shared revenues received for enterprise fund operating purposes are recognized in the accounting period in which they are earned and become measurable. Such resources restricted for the construction of capital assets are recorded as contributed capital.

K. CONTRIBUTED CAPITAL

Contributed capital represents resources from other governments and private sources to the extent they exceed the cost, which have been provided to the enterprise funds and are not subject to repayment. All other fund equity amounts pertaining to the enterprise funds have been classified as retained earnings. As of September 30, 2000 the Authority's contributed capital consisted of fixed assets purchased with funding from the federal government, and the forgiven long term debt and the related interest from HUD.

L. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and accompanying notes. Accordingly, actual results could differ from those estimates.

IRONTON METROPOLITAN HOUSING AUTHORITY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2000

3. CASH AND INVESTMENTS

The Governmental Accounting Standards Board has established three (3) risk categories for deposits. Category 1 includes deposits insured or collateralized with securities held by the Authority or by its agent in the Authority's name. Category 2 includes deposits collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name. Category 3 includes uncollateralized deposits. This includes any bank balance that is collateralized with securities held by the pledging institution or its trust department or agent but not in the Authority's name.

All deposits are carried at cost. As of September 30, 2000, the bank balances of the Authority's cash was \$1,263,056. Of the bank balances, \$300,000 was insured by FDIC insurance. The remaining balance of \$963,056 was classified as Category 1 for deposits.

The Government Accounting Standards Board has established three (3) risk categories for investments. Category 1 includes investments that are insured or registered or for which the securities are held by the Authority or by its agent in the Authority's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparts trust department or agent in the Authority's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterpart or by its trust department or agent, but not in the Authority's name.

HUD Handbook 7475.1, Chapter 4, section 1, authorized the PHA to make investments in direct obligations of the Federal Government, obligation of Federal Government Agencies, securities of Government-sponsored Agencies and demand and savings deposits and certificates of deposits.

The Authority had only checking accounts and certificates of deposit on hand and classified as cash. As of September 30, 2000, the book balance was \$1,157,909.

4. RECEIVABLES

Receivables at September 30, 2000 consisted of accounts receivable from tenants for rent and materials, miscellaneous receivables which includes late charges and utilities owed to the Authority by the tenants and HUD Project funding.

5. FIXED ASSETS

PROPRIETARY FUND FIXED ASSETS A summary of the Proprietary Fund Types fixed assets as of September 30, 2000, follows:

	Balance at 9/30/00
Land	\$ 500,242
Building	6,764,768
Furniture, Equipment & Machinery-Dwellings	257,991
Furniture, Equipment & Machinery-Administration	117,069
Furniture, Equipment & Machinery-Administration	829,459
Total Assets	8,467,529
Accumulated Depreciation	(4,529,665)
Net Value of Assets	<u>\$ 3,939,864</u>

IRONTON METROPOLITAN HOUSING AUTHORITY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2000

6. DEFINED BENEFIT PENSION PLAN

PUBLIC EMPLOYEES RETIREMENT SYSTEM PENSION PLAN

All Ironton Metropolitan Housing Authority's full time employees participate in the Public Employees Retirement System of Ohio ("System"), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. The Public Employees Retirement System issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 42315-4562 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rates effective for 2000 were 8.5% of their salary. The 2000 employer contribution rate relating to employees was 10.65% 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. As of September 30, 2000, the Authority had no outstanding amounts owed to PERS. The Authority's contribution to PERS for the years ending September 30, 1998, 1999 and 2000 were \$ 32,498, \$33,782 and \$35,508 respectively which are equal to the required contributions for each year.

7. POST EMPLOYMENT BENEFITS

Public Employees Retirement System of Ohio provides postretirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 1999 employer contribution rate for local government employers was 10.84% of covered payroll; 4.3% was the portion that was used to fund health care for the year 2000.

The Ohio Revised Code provides statutory authority requiring public employers to fund postretirement health care through their contributions to PERS.

OPEB is financed through employer contributions and investment earnings there on. The contributions allocated to retiree health and Medicare, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely.

As of September 30, 2000, the unaudited estimated net assets available for future OPEB payments were \$10,805,500. The number of active contributing participants for OPEB at September 30, 2000 was 401,339.

During 1997, the Retirement Board adopted a new calculation method for determining employer contributions applied OPEB. Under the new method, effective January 1, 1998, employer contributions, equal to 4.2% of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health care coverage.

IRONTON METROPOLITAN HOUSING AUTHORITY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2000

8. OTHER EMPLOYEE BENEFITS

Compensated Absences: Vacation leave is earned at rates which vary depending upon length of service and standard work week. Current policy credits vacation on the employee's anniversary date. Vacation time can be carried over for one year, but must be taken in the year following the year earned. Employees are paid for earned, unused vacation leave at the time of termination.

Sick leave is earned at a rate of 4.60 hours per pay period (2 weeks). Employees who retire are paid for their earned, unused sick leave hours up to a maximum of 30 days, or the full balance may be transferred to another governmental agency. Such payment shall be based on the employee's rate of pay at the time of retirement. At September 30, 2000 the current amount of unpaid compensated absences was \$17,273.

9. SEGMENT INFORMATION

Financial segment information as of and for the year ended September 30, 2000, for the Enterprise Funds presented is as follows:

	Section 8 Voucher	Public Housing	CIP	Total Enterprise Fund
Operating Revenues	\$173,234	\$920,768	\$15,367	\$1,109,369
Operating Expenses Before Depreciation	170,798	879,160	15,367	1,065,325
Depreciation Expense	0	222,214	0	222,214
Operating Gain (Loss)	2,436	(180,606)	0	(178,170)
Contributed Capital	0	3,117,955	829,459	3,947,414
Total Assets	270,095	4,056,621	829,826	5,156,542
Total Liabilities	9,380	100,525	367	110,272
Total Equity	260,715	3,956,096	829,459	5,046,270

10. CONTINGENCIES

Under the terms of federal and state grants, periodic audits are required and certain expenditures may be questioned as not appropriate under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. Authority's management believes disallowances, if any, will be immaterial.

11. ECONOMIC DEPENDENCY

The Authority is economically dependent on receiving operating subsidies from the U.S. Department of Housing and Urban Development (HUD).

IRONTON METROPOLITAN HOUSING AUTHORITY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2000

12. RISK MANAGEMENT

The Authority maintains comprehensive liability insurance coverage with private carriers. Coverages provided by this private carrier is as follows:

Property	\$8,000,000
General Liability	
Per occurrence	1,000,000
Aggregate	2,000,000

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

Health, Dental, Vision, and Life insurance is offered to Authority employees through a commercial insurance company, McNelly, Patrick & Associates.

13. PRIOR PERIOD ADJUSTMENTS

Due to accrual restatements, the net change of beginning retained earnings is as follows:

FUND	Beginning Retained Earnings	Adjustments	Restated Retained Earnings
Section 8	\$ 259,032	(753)	258,279
Public Housing	1,983,043	(964,296)	1,018,747
TOTAL	\$ 2,242,075	(965,049)	\$ 1,277,026

IRONTON METROPOLITAN HOUSING AUTHORITY
IRONTON, OHIO
COMBINING BALANCE SHEET - PROPRIETARY FUND TYPE
YEAR ENDING SEPTEMBER 30, 2000

	Section 8 Voucher	Public Housing	CIP	TOTAL
Assets				
Current Assets:				
Cash - Unrestricted	\$260,147	\$897,762	\$0	\$1,157,909
Accounts Receivable:				
Miscellaneous	3,148	11,000	0	14,148
HUD Other Projects	6,800	18,710	0	25,510
Tenants - Dwelling Rents	0	4,223	0	4,223
Interprogram Due From	0	4,636	367	5,003
Prepaid Expenses and Other Assets	0	9,885	0	9,885
Total Current Assets:	270,095	946,216	367	1,216,678
Noncurrent Assets:				
Land	0	500,242	0	500,242
Building	0	6,764,768	0	6,764,768
Furniture, Equipment & Machinery - Dwellings	0	257,991	0	257,991
Furniture, Equipment & Machinery - Administration	0	117,069	0	117,069
Leasehold Improvements	0	0	829,459	829,459
Accumulated Depreciation	0	(4,529,665)	0	(4,529,665)
Fixed Assets, Net of Accumulated Depreciation	0	3,110,405	829,459	3,939,864
Total Noncurrent Assets:	0	3,110,405	829,459	3,939,864
Total Assets	\$270,095	\$4,056,621	\$829,826	\$5,156,542
Liabilities				
Current Liabilities:				
Accrued Wages/Payroll Taxes Payable	\$0	\$263	\$0	\$263
Accounts Payable:				
<= 90 Days Past Due	3,168	16,238	0	19,406
HUD PHA Programs	0	0	367	367
Compensated Absences	1,209	16,064	0	17,273
Tenant Security Deposits	0	38,302	0	38,302
Interprogram Due To	5,003	0	0	5,003
Intergovernmental Payable	0	29,658	0	29,658
Total Current Liabilities:	9,380	100,525	367	110,272
Total Liabilities	9,380	100,525	367	110,272
Equity				
Contributed Capital:				
Net HUD PHA Contributions	0	3,110,405	829,459	3,939,864
Other Contributions	0	7,550	0	7,550
Total Contributed Capital	0	3,117,955	829,459	3,947,414
Retained Earnings:				
Unreserved	260,715	838,141	0	1,098,856
Total Equity	260,715	3,956,096	829,459	5,046,270
Total Liabilities and Equity	\$270,095	\$4,056,621	\$829,826	\$5,156,542

See accompanying notes to the general purpose financial statements

IRONTON METROPOLITAN HOUSING AUTHORITY
 IRONTON, OHIO
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY -
 PROPRIETARY FUND TYPE
 YEAR ENDING SEPTEMBER 30, 2000

	Section 8 Voucher	Public Housing	CIP	TOTAL
<i>Revenues</i>				
Tenant Revenues:				
Net Tenant Rental Revenue	\$0	\$503,042	\$0	\$503,042
Tenant Revenue - Other	0	17,802	0	17,802
Total Tenant Revenue	0	520,844	0	520,844
HUD PHA Grants	157,559	302,928	15,367	475,854
Investment Income - Unrestricted	13,973	72,990	0	86,963
Other Revenue	1,702	24,006	0	25,708
Total Revenue	173,234	920,768	15,367	1,109,369
<i>Expenses</i>				
Administrative:				
Administrative Salaries	19,784	130,836	0	150,620
Auditing Fees	1,530	9,665	0	11,195
Employee Benefit Contributions	6,277	52,061	0	58,338
Other Operating	10,872	28,086	7,936	46,894
Total Administrative	38,463	220,648	7,936	267,047
Tenant Services:				
Tenant Services - Salaries	0	2,175	0	2,175
Employee Benefit Contributions	0	865	5,581	6,446
Total Tenant Services	0	3,040	5,581	8,621
Utilities:				
Water	0	78,114	0	78,114
Electricity	0	100,735	0	100,735
Gas	0	41,631	0	41,631
Total Utilities	0	220,480	0	220,480
Ordinary Maintenance & Operation:				
Labor	0	120,102	0	120,102
Materials and Other	0	27,304	0	27,304
Contract Costs	0	131,392	1,850	133,242
Employee Benefit Contributions	0	47,789	0	47,789
Total Ordinary Maintenance Operation	0	326,587	1,850	328,437
General Expenses:				
Insurance Premiums	0	20,063	0	20,063
Payments in Lieu of Taxes	0	29,658	0	29,658
Bad Debt - Tenant Rents	0	16,154	0	16,154
Other	0	106	0	106
Interest Expense	0	11,700	0	11,700
Severance Expense	0	30,222	0	30,222
Total General Expenses	0	107,903	0	107,903
Total Operating Expenses	38,463	878,658	15,367	932,488
Excess Operating Revenue over Operating Expenses	134,771	42,110	0	176,881
Other Expenses:				
Loss on Sale of Fixed Assets	0	502	0	502
Housing Assistance Payments	132,335	0	0	132,335
Depreciation Expense	0	222,214	0	222,214
Total Expenses	170,798	1,101,374	15,367	1,287,539
Excess (Deficiency) of Operating Revenue Over (Under) Expenses	2,436	(180,606)	0	(178,170)
Retained Earnings, Beginning of the Year (Restated - See Note 13)	258,279	1,018,747	0	1,277,026
Retained Earnings, End of Year	260,715	838,141	0	1,098,856
Contributed Capital at Beginning of Year	0	583,407	0	583,407
Contributions During Year	0	2,534,548	829,459	3,364,007
Contributed Capital at End of Year	0	3,117,955	829,459	3,947,414
Total Fund Equity at End of Year	\$260,715	\$3,956,096	\$829,459	\$5,046,270

See accompanying notes to the general purpose financial statements

IRONTON METROPOLITAN HOUSING AUTHORITY
 IRONTON, OHIO
 COMBINING STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE
 YEAR ENDING SEPTEMBER 30, 2000

	<u>Voucher</u>	<u>Housing</u>	<u>CIP</u>	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Operating Income	\$2,436	(\$180,606)	\$0	(\$178,170)
Adjustments to reconcile net loss to net cash provided by operating activities				
(Increase) Decrease In:				
Accounts Receivable	(8,077)	(1,352)	0	(9,429)
Prepaid Expenses and Other Assets	3,168	0	0	3,168
Interprogram Due to	0	(4,636)	(367)	(5,003)
Increase (Decrease) In:				
Accounts Payable	(3,304)	8,968	367	6,031
Accrued Wages/Payroll Taxes Payable	(1,585)	(5,972)	0	(7,557)
Accrued Expense	0	(56,229)	0	(56,229)
Compensated Absences	742	(4,285)	0	(3,543)
Trust and Deposit Liabilities	0	1,391	0	1,391
Interprogram Due to	1,082	0	0	1,082
Intergovernmental Payable	0	29,658	0	29,658
Depreciation Expense	0	222,514	0	222,514
Net Cash Provided By Operating Activities	<u>(5,538)</u>	<u>9,451</u>	<u>0</u>	<u>3,913</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:				
Modernization Improvements	0	0	(744,888)	(744,888)
CIP Funding	0	0	744,888	744,888
Net Cash Used By Capital Financing Activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Increase (Decrease) In Cash	(5,538)	9,451	0	3,913
Cash At The Beginning Of Year	<u>265,685</u>	<u>888,311</u>	<u>0</u>	<u>1,153,996</u>
Cash At End Of Year	<u>\$260,147</u>	<u>\$897,762</u>	<u>\$0</u>	<u>\$1,157,909</u>

See accompanying notes to the general purpose financial statements

IRONTON METROPOLITAN HOUSING AUTHORITY
IRONTON, OHIO
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2000

<u>FROM U.S. DEPARTMENT OF HUD DIRECT PROGRAMS</u>	<u>FEDERAL CFDA NUMBER</u>	<u>2000 FEDERAL EXPENDITURES</u>
Public and Indian Housing Program	14.850a	\$302,928
Public Housing- Comprehensive Improvement Assistance Program	14.852	744,888
Section 8 Rental Voucher Program	14.855	<u>157,559</u>
TOTAL - ALL PROGRAMS		<u><u>\$1,205,375</u></u>

See accompanying notes to the Schedule of Federal Awards Expenditures.

IRONTON METROPOLITAN HOUSING AUTHORITY
IRONTON, OHIO
NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED September 30, 2000

NOTE A - 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 cash basis of accounting.

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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**

We have audited the financial statements of the Ironton Metropolitan Housing Authority, Pike County, as of and for the year ended September 30, 2000, and have issued our report thereon dated March 9, 2001. 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.

Compliance

As part of obtaining reasonable assurance about whether Ironton 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 and 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 Ironton Metropolitan Housing Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the management, members of the Board, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Balestra & Company
Balestra & Company
Certified Public Accountants

March 9, 2001

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

Compliance

We have audited the compliance of Ironton 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 September 30, 2000. Ironton 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 Ironton Metropolitan Housing Authority's management. Our responsibility is to express an opinion on Ironton 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 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 Ironton 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 Ironton Metropolitan Housing Authority's compliance with those requirements.

In our opinion, Ironton 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 September 30, 2000.

Internal Control Over Compliance

The management of Ironton 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 Ironton Metropolitan Housing Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the management, members of the Board, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Balestra & Company
Balestra & Company
Certified Public Accountants

March 9, 2001

IRONTON METROPOLITAN HOUSING AUTHORITY
 IRONTON, OHIO
 YEAR ENDING SEPTEMBER 30, 2000

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)	Were 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 Program's Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under section .510?	No
(d)(1)(vii)	Major Programs (list):	Public and Indian Housing Program CFDA # 14.850
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

IRONTON METROPOLITAN HOUSING AUTHORITY
IRONTON, OHIO
YEAR ENDING SEPTEMBER 30, 2000

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

**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	

IRONTON METROPOLITAN HOUSING AUTHORITY
IRONTON, OHIO
YEAR ENDING September 30, 2000

SUMMARY OF ACTIVITIES

At the close of fiscal year ended September 30, 2000, the Ironton Metropolitan Housing Authority had the following operations management:

	<u>Units</u>
<u>Public Housing</u> Owned	259
<u>Section 8</u> Existing	<u>50</u>
TOTAL	<u><u>309</u></u>
<u>Prior Audit Findings</u>	
No prior audit findings.	



STATE OF OHIO
OFFICE OF THE AUDITOR

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IRONTON METROPOLITAN HOUSING AUTHORITY

LAWRENCE 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
JUNE 12, 2001**