

**GENERAL PURPOSE
FINANCIAL STATEMENTS**

of the

**BROWN METROPOLITAN
HOUSING AUTHORITY**

for the

Year Ended March 31, 2003



**Auditor of State
Betty Montgomery**

Board of Directors
Brown Metropolitan Housing Authority
Georgetown, OH 45121

We have reviewed the Independent Auditor's Report of the Brown Metropolitan Housing Authority, Brown County, prepared by Jones, Cochenour & Co., for the audit period April 1, 2002 through March 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 Brown 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

November 5, 2003

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**BROWN METROPOLITAN HOUSING AUTHORITY
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Brown Metropolitan Housing Authority
Georgetown, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited the accompanying general purpose financial statements of Brown Metropolitan Housing Authority, as of and for the year ended March 31, 2003, as listed in the table of contents. These general purpose financial statements are the responsibility of the Brown 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 Brown Metropolitan Housing Authority, as of March 31, 2003, and the results of its operations and the cash flows of its proprietary fund type activities for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 11, 2003 on our consideration of Brown 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 taken as a whole. The schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Brown Metropolitan Housing Authority. The financial data schedule ("FDS") is presented for purposes of additional analysis as required by the Department of Housing and Urban Development and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Jones, Cochenour & Co.
August 11, 2003

**Brown Metropolitan Housing Authority
Balance Sheet
Proprietary Fund Type
Enterprise Fund
March 31, 2003**

ASSETS

Cash and cash equivalents	\$	58,294
Investments - unrestricted		57,863
Accounts receivable - HUD		108
Tenant accounts receivable - net of allowance		205
Due from other programs		108
TOTAL CURRENT ASSETS		116,578

FIXED ASSETS - NET OF ACCUMULATED DEPRECIATION		1,511,438
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TOTAL ASSETS	\$	1,628,016
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LIABILITIES AND EQUITY

Accounts payable	\$	7,758
Accounts payable - HUD		11,983
Accounts payable - other governments		3,511
Tenant security deposits		5,250
Deferred revenues		184
Due to other programs		108
TOTAL CURRENT LIABILITIES		28,794

TOTAL LIABILITIES		28,794
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EQUITY

Contributed capital		1,554,050
Undesignated retained earnings		45,172
TOTAL EQUITY		1,599,222

TOTAL LIABILITIES AND EQUITY	\$	1,628,016
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See accompanying notes to the general purpose financial statements

Brown Metropolitan Housing Authority
Statement of Revenues, Expenses and Changes in Retained Earnings
Proprietary Fund Type
Enterprise Fund
Year Ended March 31, 2003

OPERATING REVENUE	
Program operating grants/subsidies	\$ 223,091
Tenant revenue	<u>15,760</u>
TOTAL OPERATING REVENUE	238,851
 OPERATING EXPENSES	
Housing assistance payments	119,971
Administrative contract services	25,000
Utilities	8,153
Maintenance	22,610
Auditing fees	2,420
Other operating - administrative	31,786
Insurance premiums	3,843
General	761
Bad debts	647
Depreciation expense	<u>47,248</u>
TOTAL OPERATING EXPENSES	<u>262,439</u>
NET OPERATING (LOSS)	(23,588)
 NON-OPERATING REVENUE	
Interest income	<u>450</u>
NET (LOSS)	(23,138)
BEGINNING EQUITY, AS PREVIOUSLY REPORTED	1,617,679
PRIOR PERIOD ADJUSTMENT/EQUITY TRANSFERS	<u>4,681</u>
BEGINNING EQUITY, RESTATED	<u>1,622,360</u>
ENDING EQUITY	<u><u>\$ 1,599,222</u></u>

See accompanying notes to the general purpose financial statements

**Brown Metropolitan Housing Authority
Statement of Cash Flows
Proprietary Fund Type
Enterprise Fund
Year Ended March 31, 2003**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from HUD	\$ 218,149
Cash received from tenants	15,694
Cash payments for housing assistance payments	(119,971)
Cash payments for administrative	(100,525)
NET CASH PROVIDED BY OPERATING ACTIVITIES	13,347
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Change in property and equipment	(25,550)
 CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment activity	450
DECREASE IN CASH AND CASH EQUIVALENTS	(11,753)
CASH AND CASH EQUIVALENTS, BEGINNING	70,047
CASH AND CASH EQUIVALENTS, ENDING	\$ 58,294
 RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Net operating (loss)	\$ (23,588)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation	47,248
Prior period adjustment affecting residual receipts	4,681
(Increase) decrease in:	
Accounts receivable - HUD	(108)
Tenant accounts receivable - net of allowance	(66)
Due from other programs	(108)
Accrued interest receivable	634
Increase (decrease) in:	
Accounts payable	(1,681)
Accounts payable - HUD	1,484
Accounts payable - other governments	761
Tenant security deposits	300
Deferred revenues	(16,318)
Due to other programs	108
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 13,347

See accompanying notes to the general purpose financial statements

Brown Metropolitan Housing Authority
Notes to the general purpose financial statements
March 31, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

The financial statements of the Brown Metropolitan Housing Authority (the "Authority") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

Reporting Entity

The Authority was created under the Ohio Revised Code, Section 3735.27. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate.

The accompanying general purpose financial statements comply with the provision of GASB Statement 14, the Financial Reporting Entity, in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

Section 2100 indicates that the reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.

It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's government body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Management believes the financial statements included in this report represent all of the funds of the Authority over which the Authority is financially accountable.

Fund Accounting

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

Funds are classified into three categories: governmental, proprietary and fiduciary. The Authority uses the proprietary category for its programs.

Brown Metropolitan Housing Authority
Notes to the general purpose financial statements
March 31, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Proprietary Fund Types

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

Enterprise Fund – This fund is used to account for the operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Measurement Focus/Basis of Accounting

The proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. Pursuant to GASB Statement No. 20 *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the Authority follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements.

Investments

Investments are restricted by the provisions of the HUD Regulations (See Note 3). Investments are valued at market value. Interest income earned in fiscal year 2003 for all programs totaled \$58,209. The interest income earned on the general fund investments in the Section 8 Program is required to be returned to HUD, and this amount was \$2,451 for the year ended March 31, 2003.

Fixed Assets

Fixed assets are stated at cost and depreciation is computed using the straight line method over an estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized. The following are the useful lives used for depreciation purposes:

Buildings	27.5 – 40 years
Furniture and equipment	5 – 10 years

Cash and Cash Equivalents

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

Budgetary Accounting

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

Estimates

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

Brown Metropolitan Housing Authority
Notes to the general purpose financial statements
March 31, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accounting and Reporting for Nonexchange Transactions

The Authority adopted GASB 33 effective for the year ended March 31, 2002. Nonexchange transactions occur when the Public Housing Authority (PHA) receives (or gives) value without directly giving (or receiving) equal value in return. GASB 33 identifies four classes of nonexchange transactions as follows:

- **Derived tax revenues:** result from assessments imposed on exchange transactions (i.e., income taxes, sales taxes and other assessments on earnings or consumption).
- **Imposed nonexchange revenues:** result from assessments imposed on nongovernmental entities, including individuals, other than assessments on exchange transactions (i.e. property taxes and fines).
- **Government-mandated nonexchange transactions:** occur when a government at one level provides resources to a government at another level and requires the recipient to use the resources for a specific purpose (i.e., federal programs that state or local governments are mandated to perform).
- **Voluntary nonexchange transactions:** result from legislative or contractual agreements, other than exchanges, entered into willingly by the parties to the agreement (i.e., certain grants and private donations).

PHA grants and subsidies will be defined as a government-mandated or voluntary nonexchange transactions.

GASB 33 establishes two distinct standards depending upon the kind of stipulation imposed by the provider.

- **Time requirements** specify (a) the period when resources are required to be used or when use may begin (for example, operating or capital grants for a specific period) or (b) that the resources are required to be maintained intact in perpetuity or until a specified date or event has occurred (for example, permanent endowments, term endowments, and similar agreements). Time requirements affect the timing of recognition of nonexchange transactions.
- **Purpose restrictions** specify the purpose for which resources are required to be used. (i.e. capital grants used for the purchase of capital assets). Purpose restrictions do not affect when a nonexchange transaction is recognized. However, PHAs that receive resources with purpose restrictions should report resulting net assets, equity, or fund balance as restricted.

The PHA will recognize assets (liabilities) when all applicable eligibility requirements are met or resources received whichever is first. Eligibility requirements established by the provider may stipulate the qualifying characteristics of recipients, time requirements, allowable costs, and other contingencies.

The PHA will recognize revenues (expenses) when all applicable eligibility requirements are met. For transactions that have a time requirement for the beginning of the following period, PHAs should record resources received prior to that period as deferred revenue and the provider of those resources would record an advance.

The PHA receives government-mandated or voluntary nonexchange transactions, which do not specify time requirements. Upon award, the entire subsidy should be recognized as a receivable and revenue in the period when applicable eligibility requirements have been met.

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.

Brown Metropolitan Housing Authority
Notes to the general purpose financial statements
March 31, 2003

2. CASH AND INVESTMENTS - CONTINUED

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.

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

Protection of Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) by eligible securities pledged by the financial institution as security for repayment, but 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 or safekeeping agent, but not in the Authority's name.

Deposits: The carrying amount of the Authority's deposits totaled \$58,294 (includes tenant security deposits). The corresponding bank balances totaled \$57,211.

The following show the Authority's deposits (bank balances) in each category:

- Category 1: \$57,211 was covered by federal depository insurance
- Category 2: \$-0- was covered by specific collateral pledged by the financial institution in the name of the Authority.

Investments

HUD, State Statute and Board Resolutions authorize the Authority to invest in obligations of the U.S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository fund, 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 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 principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose or 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 specific 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 of 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. The Authority had investments

Brown Metropolitan Housing Authority
Notes to the general purpose financial statements
March 31, 2003

2. CASH AND INVESTMENTS - CONTINUED

of certificates of deposits with original maturities that exceeded three months, in the amount of \$57,863. These investments are both included in Category A.

3. INSURANCE AND RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters.

The Authority participates in the State Housing Authorities Risk Pool (SHARP), a public entity risk plan that operates as a common risk management and insurance program for housing authorities. The authority pays insurance premiums directly to SHARP.

The authority continues to carry commercial insurance for other risks of loss. There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

4. FIXED ASSETS

The following is a summary:

Land		\$	1,049
Buildings			1,802,195
Furniture and equipment - dwellings			18,533
Furniture and equipment - administrative			19,576
Construction in progress			26,403
			1,867,756
Accumulated depreciation			(356,318)
			NET FIXED ASSETS \$ 1,511,438

The following is a summary of changes:

	Balance March 30, 2002	Additions / Reclass	Deletions / Corrections	Balance March 30, 2003
Land	\$ 1,049	\$ -	\$ -	\$ 1,049
Buildings	1,771,669	30,526	-	1,802,195
Furniture and equipment - dwellings	16,100	2,433	-	18,533
Furniture and equipment - administrative	21,823	-	2,247	19,576
Construction in progress	31,565	-	5,162	26,403
	TOTAL FIXED ASSETS \$ 1,842,206	\$ 32,959	\$ 7,409	\$ 1,867,756

The depreciation expense for the year ended March 31, 2003 was \$47,248.

Brown Metropolitan Housing Authority
Notes to the general purpose financial statements
March 31, 2003

5. CONTRACT SERVICES

The authority contracts with:

Brown County to provide financial services for the housing authority. The authority does not have any employees; instead, services are subcontracted from Brown County.

Adams Brown Counties Economic Opportunities Inc. provides management and financial reporting services. Compensation shall be based on the amount allowed by HUD for performing these services.

6. FDS SCHEDULE SUBMITTED TO HUD

For the fiscal year ended March 31, 2003, the Authority electronically submitted an unaudited version of the combining balance sheet, statement of revenues, expenses and changes in retained earnings and other data to HUD as required on the GAAP basis. The audited version of the FDS schedules are on pages 11-12. The schedules are presented in the manner prescribed by Housing and Urban Development. These schedules can be used to tie the total assets and liabilities into the combined statements.

7. RESTATEMENT OF BEGINNING EQUITY

	<u>Public Housing</u>	<u>Capital Grant</u>	<u>Section 8 Vouchers</u>	<u>Total</u>
Beginning HUD PHA Contributions	\$ 1,554,050	\$ -	\$ -	\$ 1,554,050
No activity	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending HUD PHA contributions	<u>\$ 1,554,050</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,554,050</u>
Beginning Undesignated retained earnings	\$ 37,613	\$ 31,565	\$ (5,549)	\$ 63,629
Transfer of equity	30,712	(30,712)	-	-
Correction of error on Section 8 year-end settlement reports	-	-	497	497
Write off of accounts payable - HUD	<u>4,184</u>	<u>-</u>	<u>-</u>	<u>4,184</u>
Beginning, restated	<u>72,509</u>	<u>853</u>	<u>(5,052)</u>	<u>68,310</u>
Net income (loss)	<u>(49,194)</u>	<u>25,550</u>	<u>506</u>	<u>(23,138)</u>
Ending undesignated retained earnings	<u>\$ 23,315</u>	<u>\$ 26,403</u>	<u>\$ (4,546)</u>	<u>\$ 45,172</u>

Brown Metropolitan Housing Authority
Statement of Revenues, Expenses and Changes in Retained Earnings
FDS Schedule Submitted to HUD
Proprietary Fund Type
Enterprise Fund
Year Ended March 31, 2003

FDS Line Item	Account Description	14.850 Public Housing	14.872 PH Capital Grant	14.855 Section 8 Voucher	TOTAL
ASSETS					
111	Cash - unrestricted	\$ 50,016	\$ -	\$ 8,278	\$ 58,294
100	TOTAL CASH	50,016	-	8,278	58,294
122	Accounts receivable - HUD other proj	-	108	-	108
126	A/R Tenants - dwelling rents	852	-	-	852
126.1	Allowance for doubtful accts	(647)	-	-	(647)
120	TOTAL ACCOUNTS RECEIVABLE	205	108	-	313
131	Investments - unrestricted	57,863	-	-	57,863
144	Interprogram due from	108	-	-	108
150	TOTAL CURRENT ASSETS	108,192	108	8,278	116,578
161	Land	1,049	-	-	1,049
162	Buildings	1,802,195	-	-	1,802,195
163	Furniture and equipment - dwellings	18,533	-	-	18,533
164	Furniture and equipment - admin	16,904	-	2,672	19,576
167	Construction in progress	-	26,403	-	26,403
166	Accumulated depreciation	(353,646)	-	(2,672)	(356,318)
160	TOTAL FIXED ASSETS, NET	1,485,035	26,403	-	1,511,438
180	TOTAL NON-CURRENT ASSETS	1,485,035	26,403	-	1,511,438
190	TOTAL ASSETS	\$ 1,593,227	\$ 26,511	\$ 8,278	\$ 1,628,016
LIABILITIES					
312	Accounts payable <=90 days	\$ 6,917	\$ -	\$ 841	\$ 7,758
331	programs	-	-	11,983	11,983
333	Accounts payable - other govt	3,511	-	-	3,511
341	Tenant security deposits	5,250	-	-	5,250
342	Deferred Revenues	184	-	-	184
347	Interprogram due to	-	108	-	108
310	TOTAL CURRENT LIABILITIES	15,862	108	12,824	28,794
300	TOTAL LIABILITIES	15,862	108	12,824	28,794
504	Net HUD PHA contributions	1,554,050	-	-	1,554,050
512	Undesignated retained earnings	23,315	26,403	(4,546)	45,172
513	TOTAL EQUITY	1,577,365	26,403	(4,546)	1,599,222
600	TOTAL LIABILITIES AND EQUITY	\$ 1,593,227	\$ 26,511	\$ 8,278	\$ 1,628,016

Brown Metropolitan Housing Authority
Statement of Revenues, Expenses and Changes in Retained Earnings
FDS Schedule Submitted to HUD
Proprietary Fund Type
Enterprise Fund
Year Ended March 31, 2003

FDS Line Item No.	Account Description	14.850 Public Housing	14.872 PH Capital Grant	14.855 Section 8 Voucher	TOTAL
REVENUE					
703	Net tenant revenue	\$ 14,073	\$ -	\$ -	\$ 14,073
704	Tenant revenue - other	1,687	-	-	1,687
705	TOTAL TENANT REVENUE	15,760	-	-	15,760
706	PHA HUD grants	\$ 52,399	\$ 31,528	\$ 139,164	\$ 223,091
711	Investment income - unrestricted	160	-	290	450
	TOTAL REVENUE	68,319	31,528	139,454	239,301
EXPENSES					
912	Auditing fees	1,157	-	1,263	2,420
913	Outside management fees	25,000	-	-	25,000
916	Other operating - administrative	8,094	5,978	17,714	31,786
931	Water	8,121	-	-	8,121
932	Electricity	32	-	-	32
942	Ord maintenance/op - materials	16,587	-	-	16,587
943	Ord maintenance/op - cont costs	6,023	-	-	6,023
961	Insurance premiums	3,843	-	-	3,843
963	PILOT	761	-	-	761
964	Bad debts - tenant rents	647	-	-	647
969	TOTAL OPERATING EXPENSES	70,265	5,978	18,977	95,220
970	EXCESS OPERATING REVENUE OVER EXPENSES	(1,946)	25,550	120,477	144,081
973	Housing Assistance Payments	-	-	119,971	119,971
974	Depreciation expense	47,248	-	-	47,248
900	TOTAL EXPENSES	117,513	5,978	138,948	262,439
EXCESS OF REVENUE					
1000	OVER EXPENSES	(49,194)	25,550	506	(23,138)
1103	Beginning equity	1,591,663	31,565	(5,549)	1,617,679
1104	Prior period adj/equity transfers	34,896	(30,712)	497	4,681
	ENDING EQUITY	\$ 1,577,365	\$ 26,403	\$ (4,546)	\$ 1,599,222

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

Board of Directors
Brown Metropolitan Housing Authority
Georgetown, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited the general purpose financial statements of Brown Metropolitan Housing Authority as of and for the year ended March 31, 2003, and have issued our report thereon dated August 15, 2003. 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 Brown 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 Brown 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. We noted a matter that has been reported to management in a separate letter dated August 11, 2003.

This report is intended solely for the information and use of the board of directors, management, Auditor of State and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Jones, Cochenour & Co.
August 11, 2003



**Auditor of State
Betty Montgomery**

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BROWN METROPOLITAN HOUSING AUTHORITY

BROWN 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 18, 2003**