

**SHELBY METROPOLITAN HOUSING AUTHORITY  
SIDNEY, OHIO**

**REPORT ON EXAMINATION OF FINANCIAL  
STATEMENTS AND SUPPLEMENTAL DATA FOR THE  
YEAR ENDED DECEMBER 31, 2001**

*J. E. Slaybaugh & Associates, Inc.*  
*Certified Public Accountant*  
*12 East Main Street*  
*Lexington, Ohio 44904*





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Commissioners  
Shelby Metropolitan Housing Authority  
706 North Wagner Avenue  
Sidney, Ohio 45365

We have reviewed the Independent Auditor's Report of the Shelby Metropolitan Housing Authority, Shelby County, prepared by J.E. Slaybaugh & Associates, Inc., for the audit period January 1, 2001 through December 31, 2001. 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 Shelby 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

December 18, 2002

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SHELBY METROPOLITAN HOUSING AUTHORITY  
SIDNEY, OHIO

FOR THE YEAR ENDED DECEMBER 31, 2001

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Balance Sheet, December 31, 2001	2
Statement of Revenues, Expenses and Changes in Equity	3
Statement of Cash Flows	4
Notes to Financial Statements	5-10
Schedule of Expenditures of Federal Awards	11
Supplemental Financial Data	
Balance Sheet	12-13
Statement of Revenue and Expense	14
Schedule of Activity	15
Independent Auditors' report on Compliance on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	16
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	17-18
Schedule of Findings and Questioned Costs	19

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*Certified Public Accountant*

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Shelby Metropolitan Housing Authority  
Sidney, Ohio

We have audited the accompanying balance sheet of the Shelby Metropolitan Housing Authority, Sidney, Ohio, as of and for the year ended December 31, 2001, and the related statements of revenues, expenses, equity, and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these 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 financial statements referred to above present fairly, in all material respects, the financial position of the Shelby Metropolitan Housing Authority as of December 31, 2001, and the results of its operations and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 20, 2002, on our consideration of Shelby Metropolitan Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. This 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 conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental financial data schedules accompanying the financial statements are not necessary for fair presentation of the financial position, results of operations, and cash flows of the Authority in conformity with accounting principles generally accepted in the United States of America. The supplemental schedules listed in the table of contents are presented only for purposes of additional analysis and are not a required part of the financial statements. Such schedules have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Our audit was made for the purpose of forming an opinion on the financial statements of Shelby Metropolitan Housing Authority, taken as a whole. The accompanying schedule of expenditures of federal awards is 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 financial statements. The information in that Schedule has been subjected to the auditing procedures applied in the audit of the financial statements, and in our opinion, is stated fairly, in all material respects, in relation to the financial statements taken as a whole.

*J.E. Slaybaugh & Associates, Inc.*  
J.E. Slaybaugh & Associates, Inc.  
June 20, 2002

SHELBY METROPOLITAN HOUSING AUTHORITY  
 SIDNEY, OHIO  
 BALANCE SHEET  
 FOR THE YEAR ENDED DECEMBER 31, 2001

**ASSETS**

**Current Assets**

Cash and Cash Equivalents	\$ 161,365
Accounts Receivable- HUD	215,808
Tenant Accounts Receivable- Net of \$ 1,000 Doubtful Accounts	18,594
Investments-Unrestricted	137,500
Prepaid Expenses	3,754
Interprogram Due From	<u>24,856</u>
 Total Current Assets	 561,877
 Property and Equipment - Net of \$ 4,041,169 Accumulated Depreciation	 <u>5,949,341</u>
 Total Assets	 <u>\$ 6,511,218</u>

**LIABILITIES AND EQUITY**

**Current Liabilities**

Accounts Payable	\$ 64,276
Accounts Payable- Governments	13,817
Tenant Security Deposits	30,523
Accrued Wages and Payroll Taxes	1,360
Interprogram Due To	<u>24,856</u>

Total Current Liabilities 134,832

Noncurrent Liabilities

Accrued Compensated Absences	<u>10,523</u>
------------------------------	---------------

Total Liabilities 145,355

**Equity**

Contributed Capital	5,949,860
Retained Earnings	<u>416,003</u>

Total Equity 6,365,863

Total Liabilities and Equity \$ 6,511,218

The accompanying notes are an integral part of these financial statements.



SHELBY METROPOLITAN HOUSING AUTHORITY  
 SIDNEY, OHIO  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN EQUITY  
 FOR THE YEAR ENDED DECEMBER 31, 2001

<b><u>Revenue</u></b>		
HUD Grants		\$ 1,584,226
Rental Income		272,614
Investment Income-Unrestricted		13,694
Fraud Recovery		150
Other Revenue		<u>14,598</u>
 Total Revenue		 1,885,282
<b><u>Expenses (before depreciation)</u></b>		
Housing Assistance Payments		720,677
Administrative Salaries		201,199
Employee Benefits		115,638
Compensated Absences		(1,836)
Other Administrative Expense		71,499
Tenant Services-Other		1,756
Material and Labor-Maintenance		206,449
Contract Services		75,735
Utilities		128,864
General Expenses		31,669
Payments in Lieu of Taxes		13,817
Bad Debt- Tenant Rents		7,227
Extraordinary Maintenance		<u>3,785</u>
 Total Expenses		 1,576,479
 Income (Loss) before Depreciation & Other Costs		 308,803
Depreciation		<u>257,744</u>
 Operating Income (Loss)		 51,059
 Retained Earnings - Beginning of Year		 (5,709,407)
Equity Adjustments, Transfers	See Note 9	<u>6,074,351</u>
Retained Earnings - End of Year		<u>416,003</u>
 Contributed Capital - Beginning of Year		 12,040,305
Equity Adjustments, Transfers	See Note 9	(6,074,351)
Prior Period Adjustments	See Note 9	<u>(16,094)</u>
Contributed Capital - End of Year		<u>5,949,860</u>
 Total Equity - End of Year		 <u>\$ 6,365,863</u>

The accompanying notes are an integral part of these financial statements.

SHELBY METROPOLITAN HOUSING AUTHORITY  
 SIDNEY, OHIO  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED DECEMBER 31, 2001

**Cash Flows from Operating Activities**

Operating Income (Loss)	\$ 51,059
Adjustments to reconcile Operating Income(Loss) to Net Cash Provided By Operating Activities:	
Depreciation	257,744
Changes in Operating Assets and Liabilities that Increase (Decrease) Cash Flows:	
Tenant Accounts Receivable- Net	(10,368)
Accounts Receivable- HUD	(182,138)
Interprogram Due From	3,385
Prepaid Expenses	553
Inventories-net	16,236
Accounts Payable- Vendor	48,138
Accounts Payable-HUD	(16,686)
Accounts Payable- Other Governments	(727)
Accrued Wages & Taxes Payable	(15,275)
Accrued Compensated Absences-current portion	(12,359)
Tenant Security Deposits	1,350
Deferred Revenues	(58,759)
Interprogram Due To	(3,385)
Prior Year Adjustment	(16,094)
Depreciation Adjustment	12,828
Accrued Compensated Absences-long term	10,523
Total Adjustments	34,966
Net Cash Provided By Operating Activities	86,025

**Cash Flows from Investing Activities**

Change in Investments	(137,500)
Net Cash Used By Investing Activities	(137,500)

**Cash Flows from Capital and Related Financing Activities**

Change in Property and Equipment	(263,140)
Net Cash Provided by Capital and Related Financing Activities	(263,140)
Increase (Decrease) In Cash and Cash Equivalents	(314,615)
Cash and Cash Equivalents - Beginning of Year	475,980
Cash and Cash Equivalents - End of Year	\$ 161,365

The accompanying notes are an integral part of these financial statements.

SHELBY METROPOLITAN HOUSING AUTHORITY  
SIDNEY, OHIO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Shelby Metropolitan Housing Authority (SMHA or Authority) was created under the Ohio Revised Code Section 3735.27 to engage in the acquisition, development, leasing and administration of a low-rent housing program. An Annual Contributions Contract (ACC) was signed by the Shelby Metropolitan Housing Authority and the U.S. Department of Housing and Urban Development (HUD), under the provisions of the United States Housing Act of 1937 (42 U.S.C. 1437) Section 1.1. The Authority was also created in accordance with state law to eliminate housing conditions which are detrimental to the public peace, health, safety, morals, or welfare by purchasing, acquiring, constructing, maintaining, operating, improving, extending, and repairing housing facilities.

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 is the "primary government." A fundamental characteristic of a primary government is that it is fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability is the ability of the primary government to impose its will upon the potential component unit.

These criteria were considered in determining the reporting entity.

Basis of Accounting

The accompanying combined financial statements have been prepared on the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred. All transactions are accounted for in a single enterprise fund.

Pursuant to GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, the Authority follows GASB guidance as applicable to proprietary funds and Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

Use of Estimates

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

Cash and Cash Equivalents

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

SHELBY METROPOLITAN HOUSING AUTHORITY  
SIDNEY, OHIO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Tenant Receivables - Recognition of Bad Debts

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

Property and Equipment

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

Useful Lives	
Buildings	40 Years
Land & Building Improvements	15 Years
Equipment	7 Years
Autos	5 Years
Computers	3 Years

Depreciation is recorded on the straight-line method.

Capitalization of Interest

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

Investments

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

NOTE 2 - CASH AND INVESTMENTS

Cash

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

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

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

SHELBY METROPOLITAN HOUSING AUTHORITY  
 SIDNEY, OHIO  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2001

NOTE 2 - CASH AND INVESTMENTS, continued

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates 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, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

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

- Category 1. . . . \$ 201,000 was covered by federal depository insurance.
- Category 2. . . . \$ 112,157 was covered by specific collateral pledged by the financial institution in the name of the Authority.

Book Balances at December 31, 2001, were as follows:

	Cash	Investments	Total
Public Housing	\$ 161,171	\$ 137,500	\$ 298,671
Section 8 Vouchers	194		194
Total	\$ 161,365	\$ 137,500	\$ 298,865

SHELBY METROPOLITAN HOUSING AUTHORITY  
 SIDNEY, OHIO  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2001

NOTE 2 - CASH AND INVESTMENTS, continued

Investments

HUD, State Statute and Board Resolutions authorize the Authority to invest in obligations of U.S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository 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 obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of conformation 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's nonnegotiable certificates of deposit are classified as investments on the balance sheet but are considered as deposits for GASB 3 purposes. Therefore, the categories described above do not apply.

NOTE 3 - PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2001, by class is as follows:

Land	\$ 1,685,579
Buildings and Building Improvements	7,583,340
Furniture, Equipment- Dwelling	455,341
Furniture, Equipment- Administrative	<u>266,250</u>
Total	9,990,510
Less Accumulated Depreciation	<u>(4,041,169)</u>
Net Property and Equipment	<u>\$ 5,949,341</u>

SHELBY METROPOLITAN HOUSING AUTHORITY  
 SIDNEY, OHIO  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2001

NOTE 4 - ADMINISTRATIVE FEE

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

Housing Choice Vouchers  
 Units per month x \$ 40.15/unit

NOTE 5 - DEFINED PENSION PLANS AND POSTRETIREMENT BENEFITS

The employees of the Authority are covered by the Public Employees Retirement System of Ohio (PERS), a statewide cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, death benefits to plan members and beneficiaries. The authority to establish and amend benefits is provided by the state statute per Chapter 145 of the Ohio Revised Code. PERS issues a publicly available financial report. Interested parties may obtain a copy by making a written request to 277 E. Town Street, Columbus, OH 43215-4642 or by calling (614) 466-2085.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.50% of qualifying gross wages for all employees. The total 2001 employer contribution rate was 13.55% of covered payroll. Required employer contributions are equal to 100% of the dollar amount billed to each employer and must be extracted from the employer's records. The Authority's contributions to PERS, for the years ending December 31, 2001 were as follows:

	Contribution	%
12/31/01	\$ 50,895	13.55%
12/31/00	\$ 35,359	13.55%
12/31/99	\$ 39,202	13.55%

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

PERS of Ohio provides post-retirement 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 retirees. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employee and employer contributions.

The number of active contributing participants was 401,339 as of December 31, 2000.

The assumptions and calculations below were based on the System's latest Actuarial Review performed as of December 31, 1999. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actual gains and losses) becomes part of unfunded actuarial liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

SHELBY METROPOLITAN HOUSING AUTHORITY  
SIDNEY, OHIO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2001

NOTE 5 - DEFINED PENSION PLANS AND POSTRETIREMENT BENEFITS (continued)

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

PERS reallocated employer contributions from 4.2 percent to 4.3 percent at the beginning of 2000 to improve health care financing. The proportion of contributions dedicated to funding OPEB increased during the year for this reason. The portion of Office contributions that were used to fund post-employment benefits can be determined by multiplying actual employer contributions by .4038.

NOTE 6 - COMPENSATED ABSENCES

Vacation and sick leave policies are established by the Board of Commissioners based on local and state laws.

All permanent employees will earn one and 1/4 days sick leave per month to a maximum of 180 days. The Authority's policy is to accrue sick leave for employees five years before retirement.

All permanent employees will earn vacation hours accumulated based on length of service. All vacation time accumulated will paid upon separation to a maximum of four weeks.

At December 31, 2001, based on the vesting method, \$ 10,523 was accrued by the Authority for unused vacation and sick time.

NOTE 7 - INSURANCE

The Housing Authority maintains comprehensive insurance coverage with private carriers for health real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. There was no significant reduction in coverages and no settlements exceeded insurance coverage during the past three years.

NOTE 8 - CONTINGENCIES

Litigation and Claims

In the normal course of operations, the Authority may be subject to litigation and claims. At December 31, 2001 the Authority was involved in no matters which management believes would have a material effect on the financial statements.

NOTE 9 - RECLASSIFICATIONS

Based on REAC's guidelines, the following reclassifications were recorded for the period ending December 31, 2001.

Accrual for Compensated Absences - current liability to long term liability

Equity:	<u>Cont Cap</u>	<u>Ret Earn</u>	<u>Total</u>
Beginning Balance at 12/31/00	\$ 12,040,305	\$ (5,709,407)	\$ 6,330,898
Reclassifications, transfers	(6,074,351)	6,074,351	
Prior Year Adjustments	(16,094)		(16,094)
Current Year Income		51,059	51,059
Ending Balance at 12/31/01	<u>\$ 5,949,860</u>	<u>\$ 416,003</u>	<u>\$ 6,365,863</u>



SHELBY METROPOLITAN HOUSING AUTHORITY  
 SIDNEY, OHIO  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2001

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures For The Year Ended</u>
<u>U.S. Department of Housing and Urban Development</u>		
<b>Direct Programs:</b>		
Low Rent Public Housing Program	14.850	\$ 401,307
Public Housing- Comprehensive Improvement Assistance Program	14.852 *	337,843
Capital Fund	14.872	8,001
 <b>Section 8 Tenant Based :</b>		
Section 8 Housing Choice Voucher Program	14.871	<u>837,075</u>
 <b>Total Federal Assistance</b>		 <u>\$ 1,584,226</u>

\* The Authority received funds under this grant and per REAC instructions must be included using the CFDA # for this program.

NOTE: This schedule has been prepared on the accrual basis of accounting.

*See Independent Auditors' Report*

**SHELBY METROPOLITAN HOUSING AUTHORITY**  
 Supplemental Financial Data Schedule  
 Balance Sheet  
 As of December 31, 2001

	Low Rent Public Housing Program <u>14,850</u>	Comprehensive Improvement Assistance Program <u>14,852</u>	Capital Fund Program <u>14,872</u>	Section 8 Housing Choice Vouchers <u>14,871</u>	<u>TOTAL</u>
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash-unrestricted	\$ 161,171			\$ 194	\$ 161,365
Total cash	<u>161,171</u>			<u>194</u>	<u>161,365</u>
<b>Accounts and notes receivables</b>					
Accounts receivable-HUD other projects		76,572	8,001	131,235	215,808
Accounts receivable-tenants-dwelling rent	19,594				19,594
Allowance for doubtful accounts-dwelling rent	<u>(1,000)</u>				<u>(1,000)</u>
<b>Total receivables, net of allowances for uncollectibles</b>	<u>18,594</u>	<u>76,572</u>	<u>8,001</u>	<u>131,235</u>	<u>234,402</u>
<b>Current Investments</b>					
Investments-Unrestricted	137,500				137,500
Prepaid expenses and other assets	3,754				3,754
Interprogram Due From	24,856				24,856
Total investments	<u>166,110</u>				<u>166,110</u>
<b>Total current assets</b>	<u>345,875</u>	<u>76,572</u>	<u>8,001</u>	<u>131,429</u>	<u>561,877</u>
<b>Noncurrent assets</b>					
Land	1,685,579				1,685,579
Buildings	7,263,583	319,757			7,583,340
Furniture, equipment and machinery-dwelling	455,341				455,341
Furniture, equipment and machinery-admin.	251,933			14,317	266,250
Accumulated depreciation	<u>(4,016,634)</u>	<u>(10,658)</u>		<u>(13,877)</u>	<u>(4,041,169)</u>
<b>Total fixed assets, net of accum. depreciation</b>	<u>5,639,802</u>	<u>309,099</u>		<u>440</u>	<u>5,949,341</u>
<b>Total assets</b>	<u>\$ 5,985,677</u>	<u>\$ 385,671</u>	<u>\$ 8,001</u>	<u>\$ 131,869</u>	<u>\$ 6,511,218</u>

See Independent Auditors' Report

SHELBY METROPOLITAN HOUSING AUTHORITY  
 Supplemental Financial Data Schedule  
 Balance Sheet  
 As of December 31, 2001

	Low Rent Public Housing Program <u>14,850</u>	Comprehensive Improvement Assistance Program <u>14,852</u>	Capital Fund Program <u>14,872</u>	Section 8 Housing Choice Vouchers <u>14,871</u>	<u>TOTAL</u>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Accounts payable< 90 days	\$ 64,276				\$ 64,276
Accrued wages/payroll taxes payable	1,360				1,360
Accounts payable-other government	13,817				13,817
Tenant Security Deposits	30,523				30,523
Interprogram due to				24,856	24,856
Total current liabilities	<u>109,976</u>	-	-	<u>24,856</u>	<u>134,832</u>
<b>Non-current liabilities</b>					
Accrued Compensated Absences-Non-current	8,839			1,684	10,523
Total non-current liabilities	<u>8,839</u>	-	-	<u>1,684</u>	<u>10,523</u>
Total Liabilities	<u>118,815</u>	-	-	<u>26,540</u>	<u>145,355</u>
<b>Equity</b>					
Net HUD PHA contributions	5,639,802	309,099		959	5,949,860
Undesignated fund balance/retained earnings	<u>227,060</u>	<u>76,572</u>	<u>8,001</u>	<u>104,370</u>	<u>416,003</u>
Total equity	<u>5,866,862</u>	<u>385,671</u>	<u>8,001</u>	<u>105,329</u>	<u>6,365,863</u>
Total liabilities & equity	<u>\$ 5,985,677</u>	<u>\$ 385,671</u>	<u>\$ 8,001</u>	<u>\$ 131,869</u>	<u>\$ 6,511,218</u>

See Independent Auditors' Report

SHELBY METROPOLITAN HOUSING AUTHORITY  
SIDNEY, OHIO

SCHEDULE OF REVENUE AND EXPENSE BY PROGRAM  
FOR THE YEAR ENDED DECEMBER 31, 2001

	Low rent Public Housing Program	Comprehensive Improvement Assistance Program	Capital Fund Program	Section 8 Housing Voucher Program	Total
<b>REVENUE</b>					
HUD Grants	\$ 401,307	\$ 337,843	\$ 8,001	\$ 837,075	\$ 1,584,226
Rental Income	272,614				272,614
Investment Income-Unrestricted	11,102			2,592	13,694
Other Revenue	14,448			300	14,748
<b>Total Revenue</b>	<b>699,471</b>	<b>337,843</b>	<b>8,001</b>	<b>839,967</b>	<b>1,885,282</b>
<b>EXPENSES</b>					
Housing Assistance Payments				720,677	720,677
Administrative Salaries	136,977			64,222	201,199
Employee Benefits	93,088			22,550	115,638
Compensated Absences	(1,251)			(585)	(1,836)
Other Administrative Expense	37,096	18,086	8,001	8,316	71,499
Tenant Services-other	1,756				1,756
Material and Labor-Maintenance	201,101			5,348	206,449
Contract Services	75,735				75,735
Utilities	128,864				128,864
General Expenses	25,503			6,166	31,669
Payments in Lieu of Taxes	13,817				13,817
Bad Debt- Tenant Rents	7,227				7,227
Extraordinary Maintenance	3,785				3,785
<b>Total Expenses</b>	<b>723,698</b>	<b>18,086</b>	<b>8,001</b>	<b>826,694</b>	<b>1,576,479</b>
Income (Loss) before Depreciation & Other Costs	(24,227)	319,757	-	13,273	308,803
Depreciation	246,038	10,658	-	1,048	257,744
<b>Operating Income (Loss)</b>	<b>\$ (270,265)</b>	<b>\$ 309,099</b>	<b>\$ -</b>	<b>\$ 12,225</b>	<b>\$ 51,059</b>

*See Independent Auditors' Report*

SHELBY METROPOLITAN HOUSING AUTHORITY  
SIDNEY, OHIO  
SCHEDULE OF ACTIVITY  
FOR THE YEAR ENDED DECEMBER 31, 2001

The PHA had 326 units under management.

<u>Management</u>	<u>Units</u>
Low Rent Public Housing Program	94
Section 8 Housing Choice Vouchers Program	<u>232</u>
TOTAL	<u>326</u>

REPORT ON PRIOR YEAR AUDIT FINDINGS

THERE WERE NO PRIOR YEAR AUDIT FINDINGS

*See Independent Auditors' Report*

*J. E. Slaybaugh & Associates, Inc.  
12 East Main Street  
Lexington, Ohio 44904*

*Member AICPA  
Member OSCPA*

*John E. Slaybaugh III  
Certified Public Accountant*

INDEPENDENT AUDITOR'S 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  
Shelby Metropolitan Housing Authority  
Sidney, Ohio

We have audited the financial statements of Shelby Metropolitan Housing Authority, Sidney, Ohio, as of and for the year ended December 31, 2001, and have issued our report thereon dated June 20, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Shelby 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 Shelby 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 and use of management and the Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.

*J. E. Slaybaugh & Associates, Inc.*  
\_\_\_\_\_  
J.E. Slaybaugh & Associates, Inc.  
June 20, 2002

*J. E. Slaybaugh & Associates, Inc.  
12 East Main Street  
Lexington, Ohio 44904*

*Member AICPA  
Member OSCP*

*John E. Slaybaugh III  
Certified Public Accountant*

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

Board of Commissioners  
Shelby Metropolitan Housing Authority  
Sidney, Ohio

Compliance

We have audited the compliance of Shelby 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 December 31, 2001. Shelby Metropolitan Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on Shelby Metropolitan Housing Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the provisions of the *Public and Indian Housing Compliance Supplement*, PIH Notice 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 Shelby 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 Shelby Metropolitan Housing Authority's compliance with those requirements.

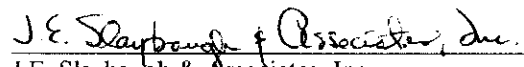
In our opinion, Shelby Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2001.

Internal Control Over Compliance

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

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

This report is intended for the information and use of management and the Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.

  
\_\_\_\_\_  
J.E. Slaybaugh & Associates, Inc.  
June 20, 2002



SHELBY METROPOLITAN HOUSING AUTHORITY  
SIDNEY, OHIO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

DECEMBER 31, 2001

PART I - SUMMARY OF AUDITOR'S RESULTS

1. The auditor has issued an unqualified opinion on the financial statements of Shelby Metropolitan Housing Authority.
2. There were no reportable conditions in internal control disclosed by the audit of the financial statements.
3. There was no noncompliance material to the financial statements disclosed by the audit.
4. There were no reportable conditions in the internal control over major programs disclosed by the audit.
5. The auditor has issued an unqualified opinion on compliance for major programs for Shelby Metropolitan Housing Authority.
6. The audit disclosed no audit findings.
7. The major programs are:
  - Low Rent Public Housing
  - Section 8 Housing Choice Vouchers
  - Comprehensive Improvement Assistance Program
8. The dollar threshold used to distinguish between Type A and Type B programs was \$ 300,000.
9. The auditor determined that Shelby Metropolitan Housing Authority qualified as a low-risk auditee.

PART II - FINDINGS RELATED TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED  
TO BE REPORTED IN ACCORDANCE WITH *GAGAS*

1. None

PART III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS INCLUDING AUDIT FINDINGS

1. None





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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Facsimile 614-466-4490

**SHELBY METROPOLITAN HOUSING AUTHORITY**

**SHELBY 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  
JANUARY 2, 2003**