

**LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
BELLEFONTAINE, OHIO**

BASIC FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
DECEMBER 31, 2003**



**Auditor of State
Betty Montgomery**

Board of Commissioners
Logan County Metropolitan Housing Authority
116 N. Everett
Bellefontaine, OH 43311

We have reviewed the Independent Auditor's Report of the Logan County Metropolitan Housing Authority, Logan County, prepared by Vanderhorst & Manning CPAs LLC, for the audit period January 1, 2003 through December 31, 2003. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Logan County 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

August 17, 2004

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
BELLEFONTAINE, OHIO

AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2003

TABLE OF CONTENTS

Independent Auditors' Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Statement of Net Assets	12
Statement of Revenues and Expenses and Changes in Net Assets	13
Statement of Cash Flows	14
Notes to Basic Financial Statements	15
Supplemental Data:	
Financial Data Schedule – Balance Sheet	24
Financial Data Schedule – Statement of Revenue, Expenses Changes in Net Assets	26
Schedule of Expenditures of Federal Awards	28
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	29
Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance With OMB Circular A-133	30
Summary of Activities	32
Schedule of Findings and Questioned Costs	33 - 34

Vanderhorst & Manning CPA's, LLC
6105 North Dixie Drive
Dayton, Ohio 45413

INDEPENDENT AUDITORS' REPORT

The Board of Commissioners
Logan County Metropolitan Housing Authority
116 North Everett Street
Bellefontaine, Ohio

Regional Inspector General of Audit
Department of Housing & Urban Development

We have audited the accompanying basic financial statements of the Logan County Metropolitan Housing Authority as of and for the year ended December 31, 2003, as listed in the table of contents. These financial statements are the responsibility of Logan County Metropolitan Housing 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 basic financial statements referred to above present fairly, in all material respects, the financial position of the Logan County Metropolitan Housing Authority as of December 31, 2003, 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.

As described in Note 1, to the basic financial statements, effective January 1, 2003, the Logan Metropolitan Housing Authority implemented Governmental Accounting Standards Board ("GASB") Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, GASB Statement No. 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus, an amendment of GASB Statements No. 21 and No. 34, and GASB No. 38, Certain Financial Statements Note Disclosures.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 17, 2004 on our consideration of the Logan County 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.

The Management's Discussion and Analysis, is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion thereon.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Authority 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 Logan County Metropolitan Housing Authority. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audit of States, Local Governments and Non-Profit Organizations* and is not a required part of the basic financial statements. The combining financial data schedule ("FDS") and cost certifications are presented for purposes of additional analysis as required by the Department of Housing and Urban Development and is not a required part of the basic 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.

Vanderhorst & Manning CPAs, LLC
Dayton, Ohio

June 17, 2004

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LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2003

The Housing Authority of the County of Logan's ("the Authority") management's discussion and analysis is designed to (a) assist the reader in focusing on significant issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position, and (d) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements (beginning on page 12).

FINANCIAL HIGHLIGHTS

- The Authority's net assets decreased by \$ 128,611 (or 3%) during 2003, including results from operations of \$(81,396), less prior year adjustments of \$ (47,215). Since the Authority engages only in business-type activities, the decreases are all in the category of business-type net assets. Net Assets were \$ 6.1 million and \$ 6.2 million for 2003 and 2002 respectively.
- Revenues decreased by \$55,174 (or 3%) during 2003, and were \$ 2.0 million and \$ 1.9 million for 2002 and 2003 respectively.
- The total expenses of all Authority programs increased by \$ 109,980 (or 6%). Total expenses were \$ 1.9 million and 2.0 million for 2002 and 2003, respectively.

USING THIS ANNUAL REPORT

The Report includes three major sections, the "management Discussion and Analysis (MD&A)", "Basic Financial Statements", and "Other Required Supplementary Information":

MD&A ~ Management's Discussion and Analysis ~
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Basic Financial Statements ~ Authority-wide Financial Statements – pgs 12-14 ~ Notes to Financial Statements – pgs 15-23

Other Required Supplementary Information ~ Required Supplementary Information pgs 24-28 (other than MD&A)
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The primary focus of the Authority's financial statements is on both the Authority as a whole (Authority-wide) and the major individual funds. Both perspectives (authority-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or Authority to Authority) and enhance the Authority's accountability.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2003

AUTHORITY-WIDE FINANCIAL STATEMENTS

The Authority-wide financial statements (see pgs 12-14) are designed to be corporate-like in that all business type activities are consolidated into columns, which add to a total for the entire Authority.

These Statements include a Statement of Net Assets, which is similar to a Balance Sheet. The Statement of Net Assets reports all financial and capital resources for the Authority. The statement is presented in the format where an asset, minus liabilities, equals "Net Assets", formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current".

The focus of the Statement of Net Assets (the "Unrestricted Net Assets") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Assets (formerly equity) are reported in three broad categories:

Net Assets, Invested in Capital Assets, Net of Related Debt: This component of Net Assets consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets: This component of Net Assets consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Assets: Consists of Net Assets that do not meet the definition of "Net Assets Invested in Capital Assets, Net of Related Debt", or "Restricted Net Assets".

The Authority-wide financial statements also include a Statement of Revenues, Expenses and changes in fund Net Assets (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, and maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as capital grant revenue, investment income and interest expense.

The focus of the Statement of Revenues, Expenses and Changes in fund Net Assets is the "Change in Net Assets", which is similar to Net Income or Loss.

Finally, a Statement of Cash Flows is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, and from capital and related financing activities.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2003

FUND FINANCIAL STATEMENTS

The Authority consists of exclusively Enterprise Funds. Enterprise funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting.

Many of the funds maintained by the Authority are required by the Department of Housing and Urban Development. Others are segregated to enhance accountability and control.

The Authority's Funds:

Business Type Funds

Conventional Public Housing - Under the conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual contributions contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income.

Capital Fund Program – This is the current primary funding source for the Authority's physical and management improvements. While the formula funding methodology used for the CGP was revised for the CFP, funds are still provided by formula allocation and based on size and age of your units.

Housing Choice Voucher Program – Under the Housing Choice voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30% of household income.

Other Non-major Funds – In addition to the major funds above, the Authority also maintains the following non-major funds. Non-major funds are defined as funds that have assets, liabilities, revenues, or expense of less than 5% of the Authority's total assets, liabilities, revenues or expenses:

Resident Opportunities for Self Sufficiency Program – a grant funded by the Department of Housing and Urban Development that encourages economic self-sufficiency among the Authority's resident population.

Business Activities – represents non-HUD resources developed from a variety of activities.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2003

AUTHORITY-WIDE STATEMENTS

Statement of Net Assets

The following table reflects the condensed Statement of Net Assets compared to prior year. The Authority is engaged only in Business-Type Activities.

TABLE 1
STATEMENT OF NET ASSETS

	<u>2003</u>	<u>2002</u>
Current and Other Assets	317,972	508,741
Capital Assets	<u>5,798,713</u>	<u>5,785,659</u>
Total Assets	<u>6,116,685</u>	<u>6,294,400</u>
Current Liabilities	156,962	201,542
Long-Term Liabilities	<u>7,675</u>	<u>10,199</u>
Total Liabilities	<u>164,637</u>	<u>211,741</u>
Net Assets:		
Invest in Capital Assets, Net of Related Debt	5,798,713	5,785,659
Unrestricted	<u>155,335</u>	<u>297,000</u>
Total Net Assets	<u>5,954,048</u>	<u>6,082,659</u>

For more detailed information see page 12 for the Statement of Net Assets.

Major Factors Affecting the Statement of Net Assets

During 2003, current and other assets were decreased by \$190,769, and current liabilities were decreased by \$44,580.

Capital assets also changed, increasing from \$ 5,785,659 to \$ 5,798,713. The \$ 13,054 increase may be attributed primarily to a combination of net acquisitions (\$ 236,302), less current year depreciation and amortization (\$ 223,248). For more detail see "Capital Assets and Debt Administration" below.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2003

Table 2 presents details on the change in Unrestricted Net Assets.

TABLE 2
CHANGE OF UNRESTRICTED NET ASSETS

Unrestricted Net Assets 12/31/02	297,000
Results of Operations	(81,396)
Adjustments:	
Depreciation (1)	<u>223,248</u>
Adjusted Results from Operations	438,852
Capital Expenditures (2)	(236,302)
Prior Year Adjustments	<u>(47,215)</u>
Unrestricted Net Assets 12/31/03	<u>155,335</u>

- (1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on unrestricted Net Assets.
- (2) Capital expenditures represent an outflow of unrestricted net assets, but are not treated as an expense against Results of Operations, and therefore must be deducted.

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Assets provides a clearer change in financial well-being.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2003

The following schedule compares the revenues and expenses for the current and previous fiscal year. The Authority is engaging only in Business-Type Activities.

TABLE 3
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	<u>2003</u>	<u>2002</u>
Revenues		
Tenant Revenue – Rents and Other	121,531	129,677
Operating Subsidies and Grants	1,649,374	1,628,031
Capital Grants	135,358	202,259
Investment Income	883	1,031
Other Revenues	<u>106</u>	<u>1,158</u>
Total Revenues	<u>1,907,252</u>	<u>1,962,426</u>
Expenses		
Administrative	412,198	351,882
Tenant Services	28,163	25,109
Utilities	17,391	17,673
Maintenance	128,349	135,202
General	32,669	65,628
Housing Assistance Payments	1,146,630	1,054,648
Depreciation	<u>223,248</u>	<u>228,526</u>
Total Expenses	<u>1,990,519</u>	<u>1,878,668</u>
Net Increase/ (Decrease)	<u><u>(81,396)</u></u>	<u><u>83,758</u></u>

MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUE, EXPENSE AND CHANGES IN NET ASSETS

Tenant revenue decreased during 2003 in comparison to 2002. This was due to a significant decrease in the dwelling rents from those charged in 2002. Operating subsidies, grants and capital grants increased. The increase was due to a significant increase in operating subsidy to cover the decrease in the average dwelling rent.

Administrative cost increased substantially due in part to salary increases and hiring additional staff. Tenant services increased due to an increase in Resident Council activities as a result of the Resident Participation funding. Utility costs remained stable. Maintenance costs overall decreased, due to capital fund improvements. General expenses show a dramatic decrease, however, a larger than normal collection loss in 2002 increased that year expense well above normal ranges.

Housing Assistance Payments increased due to a higher level of leasing activities within the Authority's Housing Choice Voucher Program.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2003

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2003, the Authority had \$ 5.8 million invested in a variety of capital assets as reflected in the following schedule, which represents a net increase (addition, deductions and depreciation) of \$ 13,054 or 0% from the end of last year.

**TABLE 4
CAPITAL ASSETS AT YEAR-END
(NET OF DEPRECIATION)**

	<u>2003</u>	<u>2002</u>
Land and land rights	686,592	686,092
Buildings	6,842,763	6,712,490
Equipment - Administrative	258,701	153,172
Equipment – Dwelling	135,007	135,007
Accumulated Depreciation	<u>2,124,350</u>	<u>1,901,102</u>
Total	<u>5,798,713</u>	<u>5,785,659</u>

The following reconciliation summarizes the change in Capital Assets, which is presented in detail on page 19 of the notes.

**TABLE 5
CHANGE IN CAPITAL ASSETS
(IN MILLIONS)**

	<u>Business-Type Activities</u>
Beginning Balance	5,785,659
Additions, Net of Retirements	236,302
Depreciation and Amortization	<u>(223,248)</u>
Ending Balance	<u>5,798,713</u>

This year major additions primarily capital expenditures related to modernizing the Authority's housing developments and community center. There was also a small amount of equipment purchases.

Debt Outstanding

As of year-end, the Authority has no debt (bonds, notes, etc.) outstanding.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2003

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of housing assistance
- Inflationary pressure on utility rates, supplies and other costs
- Local rental market rates and housing stock supply and demand, which affects the Authority's ability to maintain leasing rates

FINANCIAL CONTACT

The individual to be contacted regarding this report is Jean A. Wilkins, Financial Director of the Logan County Metropolitan Housing Authority, at (937) 599-1845. Specific requests may be submitted to the Logan County Housing Authority at 116 North Everett Street, Bellefontaine, Ohio, 43311-1132.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY

STATEMENT OF NET ASSETS

DECEMBER 31, 2003

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$	225,857
Intergovernmental Receivables		11,862
Tenant Receivables - Net of \$ 4,877 Allowance For Doubtful Accounts		4,899
Other Receivables		38,749
Inventory		27,410
Prepaid Expenses		9,195
TOTAL CURRENT ASSETS		<u>317,972</u>

NONCURRENT ASSETS

Property and Equipment - Net of \$ 2,124,350 Accumulated Depreciation		<u>5,798,713</u>
TOTAL ASSETS	\$	<u><u>6,116,685</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$	14,532
Intergovernmental Payable		1,455
Tenant Security Deposits		24,647
Accrued Wages and Payroll Taxes		17,098
Deferred Revenue		279
Other Current Liabilities		96,951
TOTAL CURRENT LIABILITIES	\$	<u>154,962</u>

NONCURRENT LIABILITIES

Other Liabilities	\$	<u>7,675</u>
TOTAL LIABILITIES	\$	<u>162,637</u>

NET ASSETS

Invested in Capital Assets, Net of Related Debt	\$	5,798,713
Unrestricted Net Assets		<u>155,335</u>
TOTAL NET ASSETS	\$	<u>5,954,048</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u><u>6,116,685</u></u>

See the Accompanying Notes to the Basic Financial Statements.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2003

OPERATING REVENUE

Program Operating Grants/Subsidies	\$	1,649,374
Rental Income		121,531
Other Income		<u>106</u>
TOTAL OPERATING REVENUE	\$	<u>1,771,011</u>

OPERATING EXPENSES

Administrative	\$	412,198
Tenant Services		28,163
Utilities		17,391
Maintenance		128,349
General		32,669
Housing Assistance Payments		1,146,630
Depreciation		<u>223,248</u>

TOTAL EXPENSES \$ 1,988,648

OPERATING INCOME (LOSS) \$ (217,637)

NONOPERATING REVENUES/(EXPENSES)

Interest and Investment Revenue	\$	883
Capital Grants		<u>135,358</u>
	\$	<u>136,241</u>

CHANGE IN NET ASSETS \$ (81,396)

TOTAL NET ASSETS, BEGINNING OF YEAR, restated 6,035,444

TOTAL NET ASSETS, END OF YEAR \$ 5,954,048

See the Accompanying Notes to the Basic Financial Statements.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY

STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2003

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash Received from HUD	\$ 1,590,929
Cash Received from Tenants	115,588
Cash Payments for Housing Assistance Payments	(1,146,630)
Cash Payments for Other Operating Expenses	(609,009)
Interest Received	<u>883</u>

NET CASH USED BY OPERATING ACTIVITIES \$ (48,239)

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Capital Grants Received	\$ 136,242
Purchase of Fixed Assets	<u>(236,302)</u>

NET CASH USED FROM CAPITAL AND RELATED FINANCING ACTIVITIES \$ (100,060)

NET DECREASE IN CASH AND CASH EQUIVALENTS \$ (148,299)

CASH AND CASH EQUIVALENTS, BEGINNING 374,156

CASH AND CASH EQUIVALENTS, ENDING \$ 225,857

RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES:

Net Operating Income	\$ (217,637)
Adjustments to Reconcile Operating Income to Net Cash Used by Operating Activities	
Depreciation	223,248
(Increase) Decrease in:	
Accounts Receivable - HUD	43,332
Accounts Receivable	10,378
Inventory	(7,459)
Prepaid Expenses	(3,782)
Increase (Decrease) in:	
Accounts Payable	(10,366)
Accounts Payable - HUD Programs	(100,893)
Tenant Security Deposits	1,706
Accrued Wages & Taxes	830
Deferred Revenues	(3,112)
Prior Period Adjustment - Other Liabilities	(47,215)
Other Liabilities	<u>62,731</u>

NET CASH USED BY OPERATING ACTIVITIES \$ (48,239)

See accompanying notes to the general purpose financial statements.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED DECEMBER 31, 2003

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Reporting Entity

The Logan County Metropolitan Housing Authority (the 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 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 Government Accounting Standards Board (GASB) Statement No. 14 is the “primary government”. A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability is the ability of the primary government to impose its will upon the potential component unit. These criteria were considered in determining the reporting entity.

Basis of Presentation

The financial statements of 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.

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Authority has elected to apply the provisions of Statements and Interpretations of the Financial Accounting Standards Board issued after November 30, 1989 that do not conflict with GASB pronouncements. The Authority will continue applying all applicable pronouncements issued by the Governmental Accounting Standards Board.

The Authority’s basic financial statements consist of a statement of net assets, a statement of revenues, expenses, and changes in net assets, and a statement of cash flows.

The Authority uses a single enterprise fund to maintain its financial records on an accrual basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Enterprise fund reporting focuses on the determination of the change of net assets, financial position and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services.

Measurement Focus and Basis of Accounting

The enterprise fund is accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of the Authority are included on the statement of net assets. The statement of changes in net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Authority finances and meets the cash flow of its enterprise activity.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2003

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus and Basis of Accounting (continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Authority's enterprise fund are charges to tenants for rent and operating subsidies from HUD. Operating expenses for the enterprise fund include the costs of facility maintenance, housing assistance payments, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Changes in Accounting Principles

Effective January 1, 2003, the Authority adopted the provisions of GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" as amended by GASB Statement No. 37, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus", and GASB Statement No. 38, "Certain Financial Statement Disclosures". GASB Statement No. 34 establishes financial reporting standards for all state and local governments and related entities. GASB Statement No. 34 primarily relates to presentation and disclosure requirements. The impact of this accounting change was related to the format of the financial statements, presentation of net assets, the inclusion of management's discussion and analysis, additional disclosures for capital assets, and the preparation of the statements of cash flows on the direct method.

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 statement, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

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.

Inventory

Inventory consists of materials and supplies and are stated at cost (first-in, first-out method), which approximates market. The allowance for obsolete inventory was \$100 at December 31, 2003.

Tenant Receivable – net of allowance

Bad debts are provided on the allowance method based on management's evaluation of the collectibility of outstanding tenant receivable balances at the end of the year. The allowance of uncollectible receivable was \$4,877 at December 31, 2003.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2003

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, the do not add to the value of the asset or materially extend the asset life, are not capitalized.

Compensated Absences

The Authority accounts for compensated absences in accordance with GASB Statement No. 16. Sick leave and other compensated absences with similar characteristics are accrued as a liability based on sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments. To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment.

All employees who meet the termination policy of the Authority for years of service are included in the calculation of the compensated absence accrual amount.

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: (1) the employees' rights to receive compensation are attributable to services already rendered and are not contingent on a specific event that is outside the control of the employer and employee. (2) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

In the proprietary fund, the compensated absences are expensed when earned with the amount reported as a fund liability.

Investments

The provisions of the HUD Regulations restrict investments. Investments are stated at fair value. Cost based measures were applied to nonnegotiable certificates of deposit and money market investments. Interest income earned in fiscal year ending December 31, 2003 totaled \$883.

Restricted Cash

Restricted cash represents amounts held in FSS escrow and IDA accounts.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2003

NOTE 2 – CASH AND CASH EQUIVALENTS (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 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. Star Ohio is not classified, since it is not evidenced by securities that exist in physical or book entry form.

The Authority's deposits are classified as cash on the balance sheet and 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, 2003, by class is as follows:

Buildings and Building Improvements	\$ 6,842,763
Land and Land Improvements	686,592
Furniture and Fixtures, Equipment and Moving Vehicles	<u>393,708</u>
Total	\$ 7,923,063
Less Accumulated Depreciation	<u>(2,124,350)</u>
Net Property and Equipment	<u>\$ 5,798,713</u>

The depreciation expense for year ended December 31, 2003 is \$223,248.

The following is a summary of changes:

	Balance <u>12/31/02</u>	<u>Additions</u>	<u>Deletion</u>	Balance <u>12/31/03</u>
Land	\$ 686,092	\$ 500	\$ 0	\$ 686,592
Buildings	6,712,490	130,273	0	6,842,763
Furniture, Mach. And Equip.	<u>288,179</u>	<u>105,529</u>	<u>0</u>	<u>393,708</u>
Total Fixed Assets	<u>\$7,686,761</u>	<u>\$ 236,306</u>	<u>\$ 0</u>	<u>\$ 7,923,063</u>

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2003

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:

A. Choice Vouchers:

County:	
Logan, Champaign, Hardin	\$42.17/unit
Union	\$46.98/unit
Auglaize	\$43.62/unit
Hard to House Fees	\$75.00/unit

NOTE 5 – DEFINED BENEFIT PENSION PLANS – PUBLIC EMPLOYEES RETIREMENT SYSTEM

All employees participate in the Ohio Public Employees Retirement System of Ohio (OPERS), a cost sharing multiple employer public employee retirement system administered by the Ohio Public Employee Retirement Board. OPERS provides basic 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 Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report, which may be obtained by writing to the Ohio Public Employee Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.5 percent. The employer contribution rate was 13.55 percent of covered payroll of which 5 percent were the portions used to fund health care. The Authority’s required contributions to OPERS for the years ended December 31, 2003, 2002, and 2001 were \$40,742, \$37,617, and \$37,370 respectively. All required contributions have been made.

NOTE 6 – DEFINED BENEFIT PLANS

OPERS provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer’s contribution to OPERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The portion of the 2003 employer contributions used to fund health care were \$15,031.

The significant actuarial assumptions and calculations relating to Postemployment health care benefits were based on the System’s latest actuarial review performed as of December 31, 2001. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfounded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25 percent of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2001 was 8.0 percent. An annual increase of 4.0 percent compounded annually is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0 percent base increase, were assumed to range from 0.50 percent to 6.3 percent. Health care costs were assumed to increase 4.0 percent annually.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2003

NOTE 6 – DEFINED BENEFIT PLANS (continued)

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 402,041. The actuarial value of OPERS' net assets available for OPEB at December 31, 2001 was \$11.6 billion. The actuarially accrued liability and the unfounded actuarial accrued liability, based on the actuarial cost method used, were \$16.4 billion and \$4.8 billion, respectively.

In December 2001, the Board adopted the Health Care "Choices" Plan in its continuing effort to respond to the rise in the cost of health care. The Choices plan will be offered to all persons newly hired under OPERS after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices, as the name suggests, will incorporate a cafeteria approach, offering a more broad range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten year "cliff" eligibility standard for the present Plan.

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The Plan will also offer a spending account feature, enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a Medical Spending Account.

NOTE 7 – COMPENSATED ABSENCES

Vacation and sick leave policies are established by the Board of Commissioners.

Annual vacation leave is given to all full time permanent employees on a pro-rata basis; two weeks per year for service one through five years, three weeks for six to ten years of service and four weeks for ten years of service or more. The annual leave earned must be taken on or before December 31, of each year. No accumulation is permitted and as such no accrual at December 31, 2003.

Sick leave accrues for full time permanent employees on the basis of 10 hours per month, cumulative to 120 days or 960 hours. An employee at the time of retirement from active service with the authority may elect to be paid cash for one-fourth (1/4) of the value of accrued unused sick leave credit at the employees rate of pay at the time of retirement. The Authority's policy is to begin to accrue sick leave for employees five (5) years before they are eligible for retirement. At December 31, 2003, the authority had no sick leave accrued because the earliest eligible retiree for active employees is 2010.

NOTE 8 – CONTINGENCIES

Grants

The Authority received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Authority. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Authority at December 31, 2003.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2003

NOTE 8 – CONTINGENCIES (continued)

Commitments and Contingencies

The authority has, under its normal operations, entered into commitments for the purchase of maintenance, cleaning, and other services. Such commitments are monthly or annually.

The Authority is exposed to various risks of loss related to torts; theft to, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2003, the Authority was insured through the State Housing Authority Risk Pool Association, Inc. (SHARP), a public entity risk pool operating a common risk management and insurance program for its housing authority members. The State Housing Authority Risk Pool Association, Inc. is self-sustaining through member premiums and reinsures through commercial insurance companies.

The Authority carried commercial insurance for risk of loss for employee health and accident insurance.

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

NOTE 9 – FAMILY SELF-SUFFICIENCY PROGRAM

The Logan County Metropolitan Housing Authority has a Family Self-Sufficiency Program (FSSP). This program is designed to assist families to become self sufficient through an escrowed savings plan provided by the Authority. Upon completion of the objectives, the family receives their escrow balance.

At December 31, 2003, the Authority held in escrow \$3,438 for the Family Self-Sufficiency Program. The Authority recognizes the escrow as cash and due to FSSP participants on the balance sheet under other current liabilities.

NOTE 10 – MICROENTERPRISE PROGRAM

The Logan County Metropolitan Housing Authority currently administers a Microenterprise Program. This program is funded from grants and donations from various government levels and community donations. The Program reimburses the Authority for any expenditures they have encumbered.

NOTE 11 – BASIS OF PRESENTATION

The accompanying schedule of federal awards includes the federal grant activity of Logan County Metropolitan Housing Authority and is presented on the accrual basis of accounting.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2003

NOTE 12 – CHANGES IN ACCOUNTING PRINCIPLES, RECLASSIFICATION, AND RETATEMENT OF PRIOR YEAR’S FUND EQUITY

Changes in Accounting Principles

For the period ending December 31, 2003, the Authority implemented GASB Statement No. 34. This had an effect on the classification of equity. See the following for the reclassification and restatement. Prior period adjustment represents operating reserve to be refunded back to HUD in 2004.

	Total	Net HUD/PHA Contributions	Undesignated Retained Earnings	Invested in Capital Assets Net of Debt	Unrestricted Net Assets
Net Assets, Beginning of Year	\$6,082,659	\$ 5,776,502	\$ 306,157	\$ 0	\$ 0
Reclassification – GASB 34	0	(5,776,502)	(306,157)	5,785,659	297,000
HUD Operating Reserve Adjustment	<u>(47,215)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(47,215)</u>
Net Assets, Beginning of year, Restated	<u>\$6,035,444</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$5,785,659</u>	<u>\$ 249,785</u>

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
COMBINING BALANCE SHEET
FDS SCHEDULE SUBMITTED TO HUD
DECEMBER 31, 2003

FDS Line Item No.	Account Description	Low Rent	Rental Voucher Program	Capital Fund Program	Res. Op. Support Services	TOTAL
<u>ASSETS</u>						
111	Cash - Unrestricted	\$2,177	\$176,597		\$0	\$178,774
113	Cash - Other Restricted	\$27,356	\$3,438		\$0	\$30,794
114	Cash - Tenant Security Deposits	\$16,289	\$0	\$0	\$0	\$16,289
100	Total Cash	\$45,822	\$180,035	\$0	\$0	\$225,857
122	Accounts Receivable - HUD Other Projects	\$0	\$0	\$11,862		\$11,862
124	Accounts Receivable - Other Government	\$27,000	\$0	\$0	\$0	\$27,000
125	Accounts Receivable - Miscellaneous	\$11,749	\$0	\$0	\$0	\$11,749
126	Accounts Receivable-Tenants-Dwelling Rents	\$9,776	\$0	\$0	\$0	\$9,776
126.1	Allowance for Doubtful Accounts - Dwelling	(\$4,877)	\$0	\$0	\$0	(\$4,877)
120	Total Receivables, net of allowances for doubtful accounts	\$43,648	\$0	\$11,862	\$0	\$55,510
142	Prepaid Expenses and Other Assets	\$7,377	\$1,818	\$0	\$0	\$9,195
143	Inventories	\$27,510	\$0	\$0	\$0	\$27,510
143.1	Allowance for Obsolete Inventories	(\$100)	\$0	\$0	\$0	(\$100)
144	Interprogram Due From	\$73,174	\$0	\$0	\$0	\$73,174
150	TOTAL CURRENT ASSETS	\$197,431	\$181,853	\$11,862	\$0	\$391,146
161	Land	\$649,092	\$0	\$37,500	\$0	\$686,592
162	Buildings	\$6,483,987	\$0	\$358,776	\$0	\$6,842,763
163	Furniture, Equipment & Machinery - Dwellings	\$70,091	\$0	\$64,916	\$0	\$135,007
164	Furniture, Equipment & Machinery - Administration	\$128,076	\$113,547	\$17,078	\$0	\$258,701
166	Accumulated Depreciation	(\$2,068,715)	(\$12,603)	(\$43,032)	\$0	(\$2,124,350)
150	TOTAL FIXED ASSETS, NET OF ACCUMULATED DEPRECIATION	\$5,262,531	\$100,944	\$435,238	\$0	\$5,798,713
190	TOTAL ASSETS	\$5,459,962	\$282,797	\$447,100	\$0	\$6,189,859

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
COMBINING BALANCE SHEET
FDS SCHEDULE SUBMITTED TO HUD
DECEMBER 31, 2003

FDS Line Item No.	Account Description	Low Rent	Rental Voucher Program	Capital Fund Program	Res. Op. Support Services	TOTAL
<u>LIABILITIES & RETAINED EARNINGS</u>						
312	Accounts Payable <= 90 days	\$13,103	\$1,429	\$0	\$0	\$14,532
321	Accrued Wage/ Payroll Taxes Payable	\$10,781	\$6,317	\$0	\$0	\$17,098
331	Accounts Payable - HUD PHA Programs	\$0	\$1,455	\$0	\$0	\$1,455
333	Accounts Payable - Other Government	\$22,380	\$0	\$0	\$0	\$22,380
341	Tenant Security Deposits	\$24,647	\$0	\$0	\$0	\$24,647
342	Deferred Revenue	\$279	\$0	\$0	\$0	\$279
345	Other Current Liabilities	\$27,356	\$47,215	\$0	\$0	\$74,571
346	Accrued Liabilities - Other	\$0	\$0	\$0	\$0	\$0
347	Interprogram Due To	\$0	\$61,312	\$11,862	\$0	\$73,174
310	TOTAL CURRENT LIABILITIES	\$98,546	\$117,728	\$11,862	\$0	\$228,136
353	Non - Current Liabilities	\$0	\$7,675	\$0	\$0	\$7,675
300	TOTAL LIABILITIES	\$98,546	\$125,403	\$11,862	\$0	\$235,811
<u>EQUITY</u>						
504	Net HUD PHA Contributions	\$0	\$0	\$0	\$0	\$0
508.1	Invested in Capital Assets	\$5,262,531	\$100,944	\$435,238	\$0	\$5,798,713
512.1	Unrestricted Net Assets	\$98,885	\$56,450	\$0	\$0	\$155,335
513	TOTAL EQUITY/ NET ASSETS	\$5,361,416	\$157,394	\$435,238	\$0	\$5,954,048
600	TOTAL LIABILITIES & EQUITY	\$5,459,962	\$282,797	\$447,100	\$0	\$6,189,859

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
RETAINED EARNINGS
FDS SCHEDULE SUBMITTED TO HUD
DECEMBER 31, 2003

FDS Line Item No.	Account Description	Low Rent	Rental Voucher Program	Capital Fund Program	Other Program Funds	TOTAL
	<u>REVENUE</u>					
703	Net Tenant Rental Revenue	\$111,264	\$0	\$0	\$0	\$111,264
704	Tenant Revenue - Other	\$10,267	\$0	\$0	\$0	\$10,267
705	Total Tenant Revenue	\$121,531	\$0	\$0	\$0	\$121,531
706	HUD PHA Operating Grants	\$219,391	\$1,374,251	\$32,376	\$23,356	\$1,649,374
706.1	Capital Grants	\$0	\$0	\$135,358	\$0	\$135,358
711	Investment Income - Unrestricted	\$99	\$784	\$0	\$0	\$883
715	Other Revenue	\$0	\$106	\$0	\$0	\$106
700	TOTAL REVENUE	\$341,021	\$1,375,141	\$167,734	\$23,356	\$1,907,252
	<u>EXPENSES</u>					
911	Administrative Salaries	\$106,365	\$125,409	\$0	\$0	\$231,774
912	Auditing Fees	\$3,103	\$1,104		\$0	\$4,207
915	Employee Benefit Contributions - Admin.	\$35,610	\$30,538	\$0	\$0	\$66,148
916	Other Operating - Administrative	\$68,393	\$40,307	\$0	\$1,369	\$110,069
921	Tenant Services - Salaries	\$0	\$0	\$0	\$9,830	\$9,830
923	Employee Benefit Contributions - Tenant	\$0	\$0	\$0	\$1,550	\$1,550
924	Tenant Services - Other	\$6,176	\$0	\$0	\$10,607	\$16,783
931	Utilities - Water	\$4,016	\$0	\$0	\$0	\$4,016
932	Utilities - Electricity	\$8,194	\$0	\$0	\$0	\$8,194
933	Utilities - Gas	\$5,181	\$0	\$0	\$0	\$5,181
941	Ordinary Maintenance & Operations-labor	\$34,098	\$0	\$0	\$0	\$34,098
942	Ordinary Maintenance & Operations - Materials & Other	\$34,988	\$0	\$10,376	\$0	\$45,364
943	Ordinary Maintenance & Operations - Contract Costs	\$32,833	\$0	\$0	\$0	\$32,833
945	Employee Benefit Contributions - Ordinary Maintenance	\$16,054	\$0	\$0	\$0	\$16,054
961	Insurance Premiums	\$19,240	\$4,042	\$0	\$0	\$23,282
963	Payment in Lieu of Taxes	\$9,387	\$0	\$0	\$0	\$9,387
969	TOTAL OPERATING EXPENSES	\$383,638	\$201,400	\$10,376	\$23,356	\$618,770

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
RETAINED EARNINGS
FDS SCHEDULE SUBMITTED TO HUD
DECEMBER 31, 2003

FDS Line Item No.	Account Description	Low Rent	Rental Voucher Program	Capital Fund Program	Other Program Funds	TOTAL
970	Excess Operating Revenue Over Operating Expenses	(\$42,617)	\$1,173,741	\$157,358	\$0	\$1,288,482
973	Housing Assistance Payments	\$0	\$1,146,630	\$0	\$0	\$1,146,630
974	Depreciation	\$202,640	\$0	\$20,608	\$0	\$223,248
900	TOTAL EXPENSES/ OTHER FINANCIAL SOURCES (USES)	\$586,278	\$1,348,030	\$30,984	\$23,356	\$1,988,648
1001	Operating Transfers In	\$22,000	\$0	\$0	\$0	\$22,000
1002	Operating Transfers Out	\$0	\$0	(\$22,000)	\$0	(\$22,000)
1010	Total Other Financing Sources (uses)	\$22,000	\$0	(\$22,000)	\$0	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	(\$223,257)	\$27,111	\$114,750	\$0	(\$81,396)
1103	Beginning Equity	\$5,584,673	\$177,498	\$320,488	\$0	\$6,082,659
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	(\$47,215)	\$0	\$0	(\$47,215)
	ENDING RETAINED EARNINGS	\$5,361,416	\$157,394	\$435,238	\$0	\$5,954,048
1113	Maximum Annual Contributions Commitment (Per ACC)	\$0	\$1,262,484			\$1,262,484
1115	Contingency Reserve, ACC Program Reserve	\$0	\$215,119			\$215,119
1116	Total Annual Contributions Available	\$0	\$1,477,603			\$1,477,603
1120	Unit Months Available	1,178	3,552			4,730
1121	Number of Units Months Leased	1,132	3,552			4,684

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Federal CFDA Number</u>	<u>Funds Expended</u>
<u>FROM U. S. DEPT. OF HUD DIRECT PROGRAMS</u>		
Annual Contribution Public Housing:		
PHA Owned Housing:		
Operating Subsidy - Low Rent	14.850	\$ <u>219,391</u>
Modernization Program:		
Capital Fund Program	14.872	\$ <u>167,734</u>
Other Federal Program - Ross Grant	14.870	\$ <u>23,356</u>
 Annual Contribution Contract C-5098:		
Housing Assistance Payments:		
Choice Voucher	14.871	\$ <u>1,374,251</u>
 TOTAL - ALL PROGRAMS		\$ <u><u>1,784,732</u></u>

The accompanying notes to this schedule are an integral part of this schedule.

Vanderhorst & Manning CPAs, LLC
6105 North Dixie Drive
Dayton, Ohio 45413

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

Board of Commissioners
Logan County Metropolitan Housing Authority
Bellefontaine, Ohio

We have audited the general purpose financial statements of the Logan County Metropolitan Housing Authority, Bellefontaine, Ohio, as of and for the year ended December 31, 2003, and have issued our report thereon dated June 17, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Logan County 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 Logan County 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 solely for the information and use of the board of directors and management of the Authority, Auditor of the State, and federal awarding agencies and is not intended to be and should not be used by anyone other than those specified parties.

Vanderhorst & Manning CPAs, LLC
Dayton, Ohio

June 17, 2004

Vanderhorst & Manning CPAs, LLC
6105 North Dixie Drive
Dayton, Ohio 45413

**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
Logan County Metropolitan Housing Authority
Bellefontaine, Ohio

Compliance

We have audited the compliance of the Logan County Metropolitan Housing Authority, Bellefontaine, Ohio, 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, 2003. The Logan County Metropolitan Housing Authority's major federal programs are identified in the summary of the auditors' results section of the accompanying schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Logan County Metropolitan Housing Authority's management. Our responsibility is to express an opinion on the Logan County Metropolitan Housing Authority's compliance based on our audit.

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

In our opinion, the Logan County 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, 2003.

Internal Control Over Compliance

The management of the Logan County 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*.

**REPORT ON COMPLIANCE WITH REQUIRMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133 (continued)**

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

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

Vanderhorst & Manning CPAs, LLC
Dayton, Ohio

June 17, 2004

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY

**SUMMARY OF ACTIVITIES
DECEMBER 31, 2003**

At the close of fiscal year ended December 31, 2003, the Logan County Metropolitan Housing Authority had the following operations in management:

<u>Public Housing</u>	<u>Units</u>
OH Project	100
<u>Section 8</u>	
Choice Vouchers	<u>296</u>
Total	<u>396</u>

ADJUSTING JOURNAL ENTRIES

None Made.

Schedule of Findings and Questioned Costs
 OMB Circular A-133 § .505

Logan County Metropolitan Housing Authority
 December 31, 2003

1. SUMMARY OF AUDITORS' RESULTS	
Type of Financial Statement Opinion	Unqualified
Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	NO
Was there any reported material non-compliance at the financial statement level (GAGAS)?	NO
Were there any material internal control weakness conditions reported for major federal programs?	NO
Were there any other reportable internal control weakness conditions reported for major federal programs?	NO
Type of Major Programs' Compliance Opinion	Unqualified
Are there any reportable findings under § .510?	NO
Major Programs (list):	CFDA#14.871
Dollar Threshold: Type A/B Programs	Type A: \$300,000 Type B: All others
Low Risk Auditee?	YES

Schedule of Findings and Questioned Costs
OMB Circular A-133 § .505 - Continued

Logan County Metropolitan Housing Authority
December 31, 2003

2. FINDINGS RELATED TO FINANCIAL STATEMENTS

There are no findings or questioned costs for the year ended December 31, 2003.

3. FINDINGS RELATED TO FEDERAL AWARDS

There are no findings or questioned costs for the year ended December 31, 2003.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY

LOGAN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 31, 2004**