

BASIC FINANCIAL STATEMENTS
of the
Hardin Metropolitan Housing Authority
September 30, 2003



**Auditor of State
Betty Montgomery**

Board of Directors
Hardin Metropolitan Housing Authority
298 E. Center St., Suite B
Marion, OH 43302

We have reviewed the Independent Auditor's Report of the Hardin Metropolitan Housing Authority, Hardin County, prepared by Wilson, Shannon & Snow, Inc., for the audit period October 1, 2002 through September 30, 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 Hardin Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

February 25, 2004

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HARDIN METROPOLITAN HOUSING AUTHORITY
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Board of Directors
Hardin Metropolitan Housing Authority
298 East Center Street, Suite B
Marion, Ohio 43302

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of Hardin Metropolitan Housing Authority, Hardin County, Ohio (the Authority) as of and for the year ended September 30, 2003. 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.

As described in Note 1 to the basic financial statements, the Authority implemented Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis* and GASB Statement No. 37, *Basic Financial Statements for State and Local Governments* for the year ended September 30, 2003.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of September 30, 2003 and the changes in financial position and its 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 January 21, 2004 on our consideration of the 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.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
Ten West Locust Street
Newark, Ohio 43055
(740) 345-6611
1-800-523-6611
FAX (740) 345-5635

The Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We applied limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion thereon.

Our audit was performed 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, changes in financial position 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.

Wilson, Shuman & Snow, Inc.

Newark, Ohio
January 21, 2004

**Hardin Metropolitan Housing Authority
Management's Discussion and Analysis
September 30, 2003**

The Hardin Metropolitan Housing Authority's (the Authority's) management's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position (its ability to address the next and subsequent fiscal year challenges), and (d) identify individual fund issues or concerns.

This Management Discussion and Analysis is new, and will now be presented at the front of each year's financial statements.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current years activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements (beginning on page 11).

FINANCIAL HIGHLIGHTS

- During fiscal year 2003, the Authority's net assets decreased by \$793 (or 48.89%). Since the Authority engages only in business-type activities, the decrease is all in the category of business-type net assets. Net Assets were \$1,622 and \$829 for fiscal year 2002 and fiscal year 2003, respectively.

- The revenue decreased by \$517 (or 1.12%) during fiscal year 2003, and was \$46,068 and \$45,551 for fiscal year 2002 and fiscal year 2003, respectively.

- The total expenses of the Authority increased \$217 (or less than 1%). Total expenses were \$46,127 and \$46,344 for fiscal year 2002 and fiscal year 2003, respectively.

USING THIS ANNUAL REPORT

This is a very different presentation of the Authority's previous financial statements. The following graphic outlining these changes is provided for your review:

MD&A

~ Management Discussion
and Analysis (new) ~

Basic Financial Statements

~ Fund Financial Statement (refocused) – pgs 11-13 ~
~ Notes to Financial Statements (expanded/restructured) – pgs 14-17 ~

Other Required Supplementary Information

~ Required Supplementary Information - none~
(other than MD&A)
(expanded)

The primary focus of the Authority's financial statement (summarized fund-type information) has been discarded. The new and clearly preferable focus 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.

Authority-Wide Financial Statements

The Authority-wide financial statements 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 assets, 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 borrowings 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 Net Fund 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 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, 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.

Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is now on Major Funds, rather than fund types. 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. Although the Authority does maintain different funds, each fund is used for the same enterprise activity. As a result, all the financial activity of the Authority is presented at the entity-wide level.

The Authority's Funds

The Authority's financial statements include all programs that are considered to be within its administrative control. The Authority generally maintains separate accounting records for each grant program or annual contribution contract, as required by HUD. A list of more significant programs is as follows:

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 adjusted household income.

Other Programs - In addition to the major programs listed above, the Authority also maintains the following non-major programs. Non-major programs are defined as programs that have assets, liabilities, revenues, or expenses of at least 5% or more of the Authority's total assets, liabilities, revenues or expenses

State/Local Activities – represents non-HUD resources developed from a variety of activities.

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AUTHORITY-WIDE STATEMENT

Statement of Net Assets

The Statement of Net Assets includes all assets and liabilities of the Authority using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. The following table reflects the condensed Statement of Net Assets compared to the 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	\$ 1,659	\$ 3,640
Capital Assets	<u>-</u>	<u>-</u>
Total Assets	<u>1,659</u>	<u>3,640</u>
Other Liabilities	830	2,018
Non-Current Liabilities	<u>-</u>	<u>-</u>
Total Liabilities	<u>830</u>	<u>2,018</u>
Net Assets:		
Unrestricted	<u>829</u>	<u>1,622</u>
Total Net Assets	\$ <u>829</u>	\$ <u>1,622</u>

For more detailed information see page 11 for the Statement of Net Assets.

Major Factors Affecting the Statement of Net Assets

Current and Other Assets were decreased by \$1,981 in fiscal year 2003 and were used primarily to extinguish liabilities which decreased \$1,188 in fiscal year 2003.

TABLE 2
CHANGE OF UNRESTRICTED NET ASSETS

Unrestricted Net Assets September 30, 2002	\$ 1,622
Results of Operations	<u>(793)</u>
Unrestricted Net Assets September 30, 2003	\$ <u>829</u>

While the result of operations is 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.

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TABLE 3

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

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

	<u>2003</u>	<u>2002</u>
Revenues		
HUD PHA Operating Grants	\$ 45,544	\$ 46,055
Investment Income	<u> 7</u>	<u> 13</u>
Total Revenue	<u>45,551</u>	<u>46,068</u>
Expenses		
Administrative	5,939	6,631
General	1,238	1,291
Housing Assistance Payments	<u>39,167</u>	<u>38,205</u>
Total Expenses	<u>46,344</u>	<u>46,127</u>
Net (Decrease)	\$ <u>(793)</u>	\$ <u>(59)</u>

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

The Housing Choice Program leasing rate was at 100% in for both fiscal year 2003 and fiscal year 2002. However, the program experienced a slight decrease in Housing Assistance Payments during fiscal year 2003 as compared to fiscal year 2002 as noted in both HUD PHA Operating Grants and Housing Assistance Payments lines.

The Tenant Based Rental Assistance (“TBRA”) - Home program with Hardin County and the City of Kenton operated 12 months in each of the fiscal years but, the City program started April of 2003 and operated for only 6 months during fiscal year 2003.

DEBT ADMINISTRATION

Debt Outstanding

As of September 30, 2003, the Authority has no outstanding debt.

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development.
- Local labor supply and demand, which can affect salary and wage rates.
- Local inflationary, recession and employment trends, which can affect resident incomes and therefore the amount of housing assistance.
- Inflationary pressure on utility rates, supplies and other costs.

FINANCIAL CONTACT

The individual to be contacted regarding this report is Marsha K. Inscho, Finance Manager for the Hardin Metropolitan Housing Authority, at (419) 526-1622. Specific requests may be submitted to the Authority at 298 East Center Street, Suite B, Marion, OH 43302.

Hardin Metropolitan Housing Authority
Statement of Net Assets
September 30, 2003

Assets

Current Assets	
Cash and Cash Equivalents	\$ 590
Accounts Receivable - Other	1,069
	<hr/>
Total Current Assets	1,659
	<hr/>
 Total Assets	 \$ 1,659
	<hr/>

Liabilities

Current Liabilities	
Accounts Payable	\$ 539
Accounts Payable - HUD	291
	<hr/>
Total Current Liabilities	830
	<hr/>
 Total Liabilities	 830
	<hr/>
 Net Assets	
Unrestricted	829
	<hr/>
 Total Net Assets	 \$ 829
	<hr/> <hr/>

The notes to the financial statements are an integral part of this statement.

Hardin Metropolitan Housing Authority
Statement of Revenues, Expenses and Changes in Net Assets
Year Ended September 30, 2003

Operating Revenues		
HUD Grants		\$ 45,544
Total Operating Revenue		45,544
Operating Expenses		
Housing Assistance Payments	\$ 39,167	
Outside Management Fees	2,025	
Other Administrative	3,914	
General	1,238	
Total Operating Expenses		46,344
Operating Deficit		(800)
Non-Operating Revenues		
Interest		7
Change in Net Assets		(793)
Net Assets at October 1, 2002		1,622
Net Assets at September 30, 2003		\$ 829

The notes to the financial statements are an integral part of this statement.

Hardin Metropolitan Housing Authority
Statement of Cash Flows
Year Ended September 30, 2003

Cash flows from operating activities

Cash received from HUD	\$ 49,415
Cash payments for goods and services - HUD	(39,167)
Cash payments for goods and services	<u>(9,725)</u>

Net cash provided by operating activities	<u>523</u>
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Cash flows from investing activities

Receipt of interest	<u>7</u>
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Net cash provided by investing activities	<u>7</u>
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Net change in cash and cash equivalents	530
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Cash and cash equivalents at October 1, 2002	<u>60</u>
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Cash and cash equivalents at September 30, 2003	<u><u>\$ 590</u></u>
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Cash flows from operating activities:

Operating Deficit	\$ (800)
Changes in assets and liabilities:	
Accounts Receivable	2,511
Accounts Payable	<u>(1,188)</u>

Net Cash Provided By Operating Activities	<u><u>\$ 523</u></u>
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The notes to the financial statements are an integral part of this statement.

Hardin Metropolitan Housing Authority
Notes to the Financial Statements
September 30, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

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

Reporting Entity

The Authority was created under the Ohio Revised Code, Section 3735.27. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate. The accompanying financial statements comply with the provisions of GASB Statement 14, *The Financial Reporting Entity*, in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

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

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

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

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

Hardin Metropolitan Housing Authority
Notes to the Financial Statements – Continued
September 30, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Excluded Entity

The following entity is excluded from the Reporting Entity; however, the entity does conduct activities for the benefit of the Authority.

Hardin Housing Development Association – This organization was formed as an instrumentality of the Authority on March 15, 2003 to assist in the development and financing of housing projects. The Board of the Association is legally separate from the Hardin Metropolitan Housing Authority and is independently elected.

The responsibility of the Hardin Metropolitan Housing Authority was to make application to the State of Ohio, Ohio Department of Development pursuant to their Energy, Home Investment Partnership, and Section 403 planning grant programs in order to obtain grants or deferred loans for the development of the Project. As of the date of this report, the organization is in the preliminary development stage and no projects have been established.

Fund Accounting

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

Proprietary Fund Types:

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

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

The Authority accounts for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Hardin Metropolitan Housing Authority
Notes to the Financial Statements - Continued
September 30, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Measurement Focus/Basis of Accounting

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

Cash and Cash Equivalents

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

Budgetary Accounting

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

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislature adopted by the Authority or through external restrictions imposed by creditors, grantors, or laws or regulation of other governments.

Estimates

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

New Accounting Pronouncements

The Authority implemented GASB Statement 34, *Basic Financial Statements – and Management’s Discussion and Analysis for State and Local Governments*, and GASB Statement 37, *Basic Financial Statements – and Management’s Discussion and Analysis for State and Local Governments: Omnibus* for the current period. The implementation of these standards had no impact on beginning Net Assets.

Hardin Metropolitan Housing Authority
Notes to the Financial Statements – Continued
September 30, 2003

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash equivalents include short-term, highly liquid investments that are both readily convertible to known amounts of cash and are so near maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less qualify under this definition.

Cash and cash equivalents included in the Authority's cash position at September 30, 2003 are as follows:

Demand deposits:

Bank balance - Checking	\$ 1,457
Items-in-transit	<u>(867)</u>
Carrying balance	\$ <u>590</u>

Of the year-end cash balance, \$590 was covered by federal depository insurance.

3. RISK MANAGEMENT

During the fiscal year 2003, the Authority contracted with KMU Insurance for lead-based paint insurance that carries a \$5,000 deductible for contractors' pollution liability and professional liability.

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

Hardin Metropolitan Housing Authority
Statement of Net Assets
FDS Schedule Submitted to HUD
September 30, 2003

FDS Line Item No.	Account Description	14.871 Housing Choice Vouchers	14.239 Home Program	Total
	Current Assets			
111	Cash - Unrestricted	\$ 590	\$ -	\$ 590
100	Total Cash	590	-	590
	Accounts Receivable			
124	Accounts Receivable - Other Government	1,069	-	1,069
120	Total Accounts Receivable	1,069	-	1,069
150	Total Current Assets	1,659	-	1,659
190	Total Assets	\$ 1,659	\$ -	\$ 1,659
	Current Liabilities			
312	Accounts Payable	\$ 539	\$ -	539
331	Accounts Payable - HUD	291	-	291
310	Total Current Liabilities	830	-	830
300	Total Liabilities	830	-	830
	Net Assets			
512	Unrestricted	829	-	829
	Total Net Assets	829	-	829
600	Total Liabilities and Net Assets	\$ 1,659	\$ -	\$ 1,659

Hardin Metropolitan Housing Authority
Statement of Revenues, Expenses and Changes in Net Assets
FDS Schedule Submitted to HUD
Year ended September 30, 2003

FDS Line Item No.	Account Description	14.871 Housing Choice Vouchers	14.239 Home Program	Total
	Revenue			
706	HUD Grants	\$ 14,322	\$ 31,222	\$ 45,544
711	Investment Income - Unrestricted	<u>7</u>	<u>-</u>	<u>7</u>
	Total Revenue	<u>14,329</u>	<u>31,222</u>	<u>45,551</u>
	Expenses			
912	Auditing Fees	2,759	-	2,759
916	Other Operating - Administrative	800	355	1,155
962	Insurance Premiums	619	619	1,238
913	Outside Management Fees	<u>899</u>	<u>1,126</u>	<u>2,025</u>
	Total Operating Expenses	<u>5,077</u>	<u>2,100</u>	<u>7,177</u>
970	Excess Operating Revenue Over Operating Expenses	<u>9,252</u>	<u>29,122</u>	<u>38,374</u>
	Other Expenses			
973	Housing Assistance Payments	<u>10,045</u>	<u>29,122</u>	<u>39,167</u>
	Total Other Expenses	<u>10,045</u>	<u>29,122</u>	<u>39,167</u>
900	Total Expenses	<u>15,122</u>	<u>31,222</u>	<u>46,344</u>
1000	Excess of Revenues over Expenses	(793)	-	(793)
1103	Net Assets at Beginning of Year	<u>1,622</u>	<u>-</u>	<u>1,622</u>
	Net Assets at End of Year	<u><u>\$ 829</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 829</u></u>



Report On Compliance And On Internal Control Required By Government Auditing Standards

Board of Directors
Hardin Metropolitan Housing Authority
298 East Center Street, Suite B
Marion, Ohio 43302

We have audited the financial statements of Hardin Metropolitan Housing Authority, Hardin County, Ohio (the Authority) as of and for the year ended September 30, 2003 and have issued our report thereon dated January 21, 2004 wherein we noted the Authority adopted GASB Statement No. 34 and GASB statement No. 37. 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 the 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 the 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.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
Ten West Locust Street
Newark, Ohio 43055
(740) 345-6611
1-800-523-6611
FAX (740) 345-5635

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

Wilson, Shanna & Sons, Inc.

Newark, Ohio
January 21, 2004



**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

HARDIN METROPOLITAN HOUSING AUTHORITY

HARDIN 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
MARCH 9, 2004**