

BOONE COUNTY ASSISTED HOUSING DEPARTMENT  
Burlington, Kentucky

FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION

For the year ended June 30, 2001

WITH

REPORTS OF CERTIFIED PUBLIC ACCOUNTANT  
ON FINANCIAL AND COMPLIANCE AUDITS

KENNETH M. ROBERTS  
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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Boone County Assisted Housing Department  
Burlington, Kentucky 41005

I have audited the accompanying general purpose financial statements of the Boone County Assisted Housing Department (the Program), as of and for the year ended June 30, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the Program's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balance of the Boone County Assisted Housing Department as of June 30, 2001, and the results of its revenues, expenses and changes in fund balance for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated November 28, 2001 on my consideration of the Program's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

My audit was performed for the purpose of forming an opinion on the general purpose financial statements of the Boone County Assisted Housing Department, taken as a whole. The "Agreed Upon Procedures Report" and the "Financial Data Schedule" submitted electronically and other supplemental information presented with this report is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The accompanying schedule of expenditures of federal awards and the additional schedules listed in the table of contents are presented for purposes of additional analysis as required by the U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and are not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

*Kenneth M. Lobato CPA*

Elizabeth, Indiana  
November 28, 2001

Boone County Assisted Housing Department  
 Combined Balance Sheet  
 June 30, 2001

	Section 8 Vouchers 14,871	Section 8 Certificates 14,852	General Fixed Assets	Totals (Memo- randum Only)
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash - Unrestricted	\$569,851	\$316,072	\$0	\$885,923
<b>ACCOUNTS RECEIVABLE</b>				
Accounts Receivable Less Allowance for Doubtful Account	2,964	0	0	2,964
Fraud Recovery	35,639	0	0	35,639
TOTAL RECEIVABLES, NET OF ALLOWANCES FOR UNCOLLECTABLES	38,603	0	0	38,603
Interprogram Due From	4,851	0	0	4,851
TOTAL CURRENT ASSETS	613,305	316,072	0	929,377
<b>FIXED ASSETS</b>				
Administrative Equipment	0	0	88,071	88,071
TOTAL ASSETS	\$613,305	\$316,072	\$88,071	\$1,017,448
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts Payable - Vendors	\$13,555	\$277	\$0	\$13,832
Other Accrued Liabilities				
Wages/Payroll Taxes	5,985	122	0	6,107
Compensated Absences	18,938	387	0	19,325
Other	75,785	151	0	75,936
Accounts Payable - HUD	150,716	0	0	150,716
Deferred Revenues	301,447	0	0	301,447
Other Current Liabilities	7,391	0	0	7,391
Inter-Program Due To	0	4,851	0	4,851
TOTAL CURRENT LIABILITIES	573,817	5,788	0	579,605
<b>FUND BALANCE</b>				
Investment in General Fixed Assets	0	0	88,071	88,071
Undesignated Fund Balance / Retained Earnings	39,488	310,284	0	349,772
TOTAL FUND BALANCE	39,488	310,284	88,071	437,843
TOTAL LIABILITIES AND FUND BALANCE	\$613,305	\$316,072	\$88,071	\$1,017,448

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

**Boone County Assisted Housing Department  
 Combined Statement of Revenues,  
 Expenses and Changes in Fund Balance  
 For the Year Ended June 30, 2001**

	Section 8 Vouchers 14,871	Section 8 Certificates 14,852	General Fixed Assets	Totals (Memo- randum Only)
<b>REVENUE</b>				
HUD PHA Grants	\$2,795,346	\$60,404	\$0	\$2,855,750
Investment Income - Unrestricted	11,832	16,483	0	28,315
Fraud Recovery	5,346	109	0	5,455
Other Revenue	73	2	0	75
<b>TOTAL REVENUE</b>	<b>2,812,597</b>	<b>76,998</b>	<b>0</b>	<b>2,889,595</b>
<b>EXPENSES</b>				
Administrative Salaries	257,922	5,264	0	263,186
Auditing Fees	1,349	28	0	1,377
Compensated Absences	5,442	111	0	5,553
Employee Benefit Contributions	60,590	1,237	0	61,827
Other Operating	55,251	1,128	0	56,379
<b>ADMINISTRATIVE EXPENSES</b>	<b>380,554</b>	<b>7,768</b>	<b>0</b>	<b>388,322</b>
<b>EXCESS OPERATING REVENUE OVER OPERATING EXPENSES</b>	<b>2,432,043</b>	<b>69,230</b>	<b>0</b>	<b>2,501,273</b>
<b>OTHER EXPENSES</b>				
Housing Assistance Payments	2,381,900	53,560	0	2,435,460
Capital Outlays - Governmental Funds	2,964	61	0	3,025
<b>EXCESS (EXPENSES) REVENUE OVER (REVENUE) EXPENSES</b>	<b>\$47,179</b>	<b>\$15,609</b>	<b>\$0</b>	<b>\$62,788</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>-\$6,905</b>	<b>\$294,713</b>	<b>\$85,046</b>	<b>\$372,854</b>
Prior Period Adjustments	-786	-38	0	-824
<b>RESTATED FUND BALANCE, 7/1/00</b>	<b>-7,691</b>	<b>294,675</b>	<b>85,046</b>	<b>372,030</b>
Capital Outlays - Memo Account Information	0	0	3,025	3,025
<b>FUND BALANCE, END OF YEAR</b>	<b>\$39,488</b>	<b>\$310,284</b>	<b>\$88,071</b>	<b>\$437,843</b>

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

BOONE COUNTY ASSISTED HOUSING DEPARTMENT  
Burlington, Kentucky

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity - The Program is operated by the Boone County Assisted Housing Department of the Boone County Fiscal Court, Kentucky to provide rental assistance to low income families under a contract with the U. S. Department of Housing and Urban Development. The program serves approximately 818 low income families.

The basic criterion for including an agency, institution, authority, or other organization in a governmental unit's reporting entity is the exercise of oversight responsibility over such agencies by the governmental unit's elected officials. Oversight responsibility is defined to include, but is not limited to: financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. Based on these criteria, the Program is a component unit of the Boone County Fiscal Court, Kentucky (oversight unit).

However, the Boone County Fiscal Court, Kentucky (oversight unit) and the administration of the Program (component unit) have determined that a separate audit of the component unit's financial statements is beneficial to both the component and oversight units. Accordingly, these financial statements cover only the Boone County Assisted Housing Department, and do not pertain to any other activities of the Boone County Fiscal Court, Kentucky.

B. Basis of Accounting - The financial statements of the Program have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The accounts of the Authority are organized on the basis of funds: Section 8 Vouchers, Section 8 Certificates, and General Fixed Assets. Each of the funds is a separate accounting entity.

BOONE COUNTY ASSISTED HOUSING DEPARTMENT  
Burlington, Kentucky

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2001

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting (continued)

The accompanying financial statements have been prepared using the modified accrual basis of accounting. Accordingly, revenues are recognized when measurable and available and expenditures when the liability is incurred.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

The Authority's financial statements are prepared on generally accepted accounting principles (GAAP) which include the following:

1. Compensated absences are recorded on the balance sheet. Compensated absences consists of earned vacation days as of June 30, 2001 plus applicable payroll and retirement liabilities.
2. Fixed Assets are accounted for within a fixed asset account group. Depreciation is not recorded.

C. Totals (Memorandum Only) Columns - The title columns captioned "Memorandum Only" are presented for analysis only. They are not intended to, and do not, present fairly the financial position or results of operation of the Authority. Such data is not comparable to a consolidation because interfund eliminations have not been made.



BOONE COUNTY ASSISTED HOUSING DEPARTMENT  
Burlington, Kentucky

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2001

(Continued)

NOTE 2 - CASH - The Program's deposits at June 30, 2001 were entirely covered by federal depository insurance or by collateral pledged by the Program's bank.

NOTE 3 - CASH - UNRESTRICTED (VOUCHERS)

Cash unrestricted for the Vouchers program at June 30, 2001 consists of:

Cash	\$ 529,705
* FSS Escrow Cash	<u>40,146</u>
	\$ 569,851
	<u>=====</u>

NOTE 4 - ADMINISTRATIVE EQUIPMENT

A summary of changes in furniture and equipment follows:

	<u>Balance</u> <u>6/30/00</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance</u> <u>6/30/01</u>
Admin. Equipment	\$85,046	\$ 3,025	\$ -0-	\$ 88,071
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

NOTE 5 - ACCRUED LIABILITIES - OTHER (VOUCHERS)

Accrued liabilities - other, for the Vouchers program at June 30, 2001 consists of:

Fraud Recovery - Contra	\$ 35,639
FSS Escrow	<u>40,146</u>
	\$ 75,785
	<u>=====</u>

**ADDITIONAL INFORMATION**

BOONE COUNTY ASSISTED HOUSING DEPARTMENT  
Burlington, Kentucky

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the year ended June 30, 2001

<u>FEDERAL GRANTOR</u>	<u>FEDERAL CFDA NUMBER</u>	<u>EXPENDITURES</u>
 <u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>		
Section 8 Housing Choice Vouchers	14.871	\$ 2,795.346
Section 8 Rental Certificate Program	14.857	<u>60,404</u>
TOTAL		\$ 2,855,750 =====

Federal programs that expended more than \$300,000 are determined to be a type "A" major program for this audit report. The Program manages only the federal program noted above and is a low-risk auditee.

The federal program noted above did not have any non-cash assistance expenditures, and there were no loans or loan guarantees outstanding at the end of the fiscal year.

BOONE COUNTY ASSISTED HOUSING DEVELOPMENT  
Burlington, Kentucky

INDEPENDENT AUDITOR'S SCHEDULE OF ADJUSTING JOURNAL ENTRIES  
For the year ended June 30, 2001

	For Audit Report	For Posting to Books	Debit	Credit
<b><u>HOUSING VOUCHERS</u></b>				
*1. HUD Grants	8026	2820	24,912.00	
A/R Certificates	2119	1119	4,851.00	
Housing Assistance				
Payments	4715	2820		4,851.00
A/P HUD	2118	2010		4,733.00
To adjust per HUD approved financial statements.				
*2. Unreserved Surplus	2810	2800	1,523.00	
Project Account	2827	2840		1,523.00
To adjust project account per HUD approved financial statements.				
 <b><u>CERTIFICATES</u></b>				
*1. A/P HUD	2118	2010	4,733.00	
Housing Assistance				
Payments	4715	2820	4,851.00	
HUD Grants	8026	2820		4,733.00
A/P HV	2119	2119		4,851.00
To adjust per HUD approved financial statements.				

\* The entries preceded by an asterisk must be posted to your books.

**INTERNAL CONTROL AND COMPLIANCE REPORTS**

KENNETH M. ROBERTS  
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF GENERAL  
PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

Board of Commissioners  
Boone County Assisted Housing Department  
Burlington, Kentucky 41005

I have audited the general purpose financial statements of the Boone County Assisted Housing Department of the Boone County Fiscal Court, Kentucky (the Program), as of and for the year ended June 30, 2001, and have issued my report thereon dated November 28, 2001. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Program's general purpose financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my 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 my audit, I considered the Program's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My 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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF GENERAL  
PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

(Continued)

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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of the governing body and management of the Program and the U.S. Department of Housing and Urban Development. However, this report is a matter of public record and its distribution is not limited.

\*  
*Kenneth M. Roberts CPA*

Elizabeth, Indiana  
November 28, 2001

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

Board of Commissioners  
Boone County Assisted Housing Department  
Burlington, Kentucky 41005

Compliance

I have audited the compliance of the Boone County Assisted Housing Department of the Boone County Fiscal Court, Kentucky (the Program), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that is applicable to its major federal program for the year ended June 30, 2001. The Program's major federal program is identified in the schedule of expenditures of federal awards. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Program's management. My responsibility is to express an opinion on the Program's compliance based on my audit.

I conducted my audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain 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, in a test basis, evidence about the Program's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the Program's compliance with those requirements.

In my opinion, the Program complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2001.

Internal Control Over Compliance

The management of the Program 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 my audit, I



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

(Continued)

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

My 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. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended for the information of the governing body and management of the Program and the U.S. Department of Housing and Urban Development. However, this report is a matter of public record and its distribution is not limited.

*Kenneth M. Roberts CPA*

Elizabeth, Indiana  
November 28, 2001

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BOONE COUNTY ASSISTED HOUSING DEPARTMENT  
Burlington, Kentucky

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2001

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified  
Internal control over financial reporting:

Material weakness identified? \_\_\_yes Xno

Reportable conditions identified  
not considered to be material  
weaknesses? \_\_\_yes Xnone reported

Noncompliance material to financial  
statements noted? \_\_\_yes Xno

Federal Awards

Internal Control over major programs:  
Material weaknesses identified? \_\_\_yes Xno

Reportable conditions identified  
not considered to be material  
weaknesses? \_\_\_yes Xnone reported

Type of auditor's report issued on compliance  
for major programs: Unqualified

Any audit findings disclosed that are  
required to be reported in  
accordance with Circular A-133,  
Section .510(a)? \_\_\_yes Xno

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.871	Section 8 Housing Choice Vouchers

BOONE COUNTY ASSISTED HOUSING DEPARTMENT  
Burlington, Kentucky

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2001  
(Continued)

Federal Awards (continued)

Dollar threshold used to distinguish  
between Type A and Type B programs:           \$ 300,000

Auditee qualified as low-risk auditee?         yes         no

**Section II - Financial Statement Findings**

No Financial Statement Findings.

**Section III - Federal Award Findings and Questioned Costs**

No Federal Award Findings and Questioned Costs

BOONE COUNTY ASSISTED HOUSING DEPARTMENT  
Burlington, Kentucky

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

The audit report for the year ended June 30, 2000 contained no findings.

