

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA, OHIO**

**REPORT ON EXAMINATION OF
FINANCIAL STATEMENTS
AND SUPPLEMENTAL DATA**

**PUBLIC HOUSING AND SECTION 8 FUNDS
Year Ended June 30, 2001**

**Laura J. MacDonald, CPA, Inc.
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STATE OF OHIO
OFFICE OF THE AUDITOR

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Board of Commissioners
Medina Metropolitan Housing Authority
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Medina, Ohio 44256-1593

We have reviewed the Independent Auditor's Report of the Medina Metropolitan Housing Authority, Medina County, prepared by Laura J. MacDonald, CPA, Inc., for the audit period July 1, 2000 through June 30, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Medina Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

January 14, 2002

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**MEDINA METROPOLITAN HOUSING AUTHORITY
FINANCIAL STATEMENTS AND
SUPPLEMENTAL DATA
Year Ended June 30, 2001**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Medina Metropolitan Housing Authority
Medina, Ohio

I have audited the accompanying Combined Balance Sheet of the Medina Metropolitan Housing Authority's Public Housing and Section 8 Funds as of June 30, 2001, and the related Combined Statements of Revenue and Expense, and the Combined Statements of Changes in Equity, and of Cash Flows for the year then ended. These financial statements are the responsibility of the Medina Metropolitan Housing Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standard's 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 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Medina Metropolitan Housing Authority's Public Housing and Section 8 Funds as of June 30, 2001, and the results of its operations and changes in its equity 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, I have also issued a report dated December 14, 2001 on my consideration of the Medina Metropolitan Housing Authority's internal control over financial reporting and on my 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 my audit.

To the Board of Commissioners
Medina Metropolitan Housing Authority
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My audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. The information in this Schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Laura J. MacDonald, CPA, Inc.
December 14, 2001

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**MEDINA METROPOLITAN HOUSING AUTHORITY
 COMBINED BALANCE SHEET -
 -PROPRIETARY FUND TYPE
 June 30, 2001**

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,116,915	
Cash, restricted for tenant security deposits	16,434	
Cash, restricted for Family Self Sufficiency Program	57,688	
Accounts receivable:		
HUD	39,016	
Tenants, net of allowance of \$1,299	1,567	
Interprogram receivables	115,622	
Other current assets	<u>8,465</u>	
		\$ 1,355,707

PROPERTY AND EQUIPMENT

Land, buildings and improvements	1,522,947	
Furniture, equipment and machinery	104,395	
Leasehold improvements	17,364	
Construction in progress	<u>469,522</u>	
		2,114,228
Less accumulated depreciation		<u>(1,515,614)</u>
		<u>598,614</u>
		<u>\$ 1,954,321</u>

Please refer to accompanying notes.

LIABILITIES AND EQUITY

CURRENT LIABILITIES

Accounts payable:		
Trade	\$	8,539
HUD		68,335
Other		12,158
Tenant security deposits		16,434
Accrued wages and compensated absences		26,665
Interprogram payables		463,155
Deferred revenue		223,159
Escrowed deposits for Family Self Sufficiency Program		<u>57,688</u>
	\$	876,133

LONG-TERM LIABILITY

Tenant Service Fund		<u>2,205</u>
		878,338

EQUITY

Contributed capital		341,163
Retained earnings		<u>734,820</u>
		<u>1,075,983</u>

\$ 1,954,321

MEDINA METROPOLITAN HOUSING AUTHORITY
COMBINED STATEMENT OF REVENUE AND EXPENSE -
PROPRIETARY FUND TYPE
Year Ended June 30, 2001

OPERATING REVENUE

HUD grants	\$ 2,877,788	
Rental income	<u>206,219</u>	
		\$ 3,084,007

OPERATING EXPENSES

Administrative	330,067	
Utilities	81,957	
Ordinary maintenance and operations	83,203	
General	<u>2,447,100</u>	
		<u>2,942,327</u>

**NET INCOME FROM OPERATIONS
BEFORE DEPRECIATION**

141,680

DEPRECIATION

Assets acquired prior to July 1, 2000 (pre-GASB 33)	49,675
Assets acquired subsequent to June 30, 2000	<u>1,835</u>

51,510

NET OPERATING INCOME

90,170

NON-OPERATING REVENUES

Interest income	<u>20,805</u>
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NET INCOME

\$ 110,975

Please refer to accompanying notes.

**MEDINA METROPOLITAN HOUSING AUTHORITY
 COMBINED STATEMENT OF CHANGES IN EQUITY -
 PROPRIETARY FUND TYPE
 Year Ended June 30, 2001**

	<u>CONTRIBUTED CAPITAL</u>	<u>RETAINED EARNINGS</u>	<u>TOTAL</u>
EQUITY BALANCES AT JUNE 30, 2000	\$ 390,838	\$ 505,712	\$ 896,550
Net operating income	-	90,170	90,170
Depreciation of property and equipment purchased with contributed capital	(49,675)	49,675	-
Non-operating revenues	-	20,805	20,805
Prior period adjustments	-	68,458	68,458
EQUITY BALANCES AT JUNE 30, 2001	<u>\$ 341,163</u>	<u>\$ 734,820</u>	<u>\$ 1,075,983</u>

Please refer to accompanying notes.

**MEDINA METROPOLITAN HOUSING AUTHORITY
 COMBINED STATEMENT OF CASH FLOWS
 Year Ended June 30, 2001**

CASH FLOWS FROM OPERATING ACTIVITIES

Net operating income	\$ 90,170
Adjustments to reconcile net operating income to net cash used by operating activities:	
Prior period adjustments	68,458
Depreciation	51,510
(Increase) decrease in assets:	
Accounts receivable - HUD	74,058
Accounts receivable - tenants	(1,311)
Accounts receivable - interprogram	(27,307)
Other current assets	(64)
Increase (decrease) in liabilities:	
Accounts payable	(679,338)
Tenant security deposits	1,215
Accrued wages and compensated absences	(1,565)
Interprogram payables	374,840
Deferred reveue	3,391
Escrowed deposits for Family Sufficiency Program	<u>(7,157)</u>

**NET CASH USED BY
 OPERATING ACTIVITIES** \$ (53,100)

**CASH FLOWS FROM NON-CAPITAL FINANCING
 ACTIVITIES**

-

**CASH FLOWS FROM CAPITAL AND RELATED
 FINANCING ACTIVITIES**

Acquisition of capital assets (64,197)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income 20,805

NET DECREASE IN CASH (96,492)

**CASH AND CASH EQUIVALENTS
 AT BEGINNING OF YEAR**

1,287,529

CASH AND CASH EQUIVALENTS AT END OF YEAR

\$ 1,191,037

Please refer to accompanying notes.

MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2001

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Medina Metropolitan Housing Authority (the Authority) is a political subdivision of the State of Ohio, created under Section 3735.27 of the Ohio Revised Code. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide safe and sanitary housing for people in low to moderate income brackets, through rent subsidies provided by HUD.

Accounting Basis

The accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America. Under this method, revenues are recognized when they are earned and measurable, and expenditures are recognized as incurred.

In accordance with Statement Number 20 of the Government Accounting Standards Board (GASB), *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Authority follows GASB guidance applicable to proprietary funds as well as Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

Fund Accounting

The Authority uses fund accounting to segregate activity by program. All funds of the Authority are of the proprietary fund type and are classified as enterprise funds. Enterprise funds are used to account for programs that are operated in a manner similar to private business enterprises and are based on the flow of economic resources (measurement focus). During the year ended June 30, 2001, the Authority had separate enterprise funds for the Low Rent Public Housing Program, the Public Housing CIAP Program, the Public Housing Capital Fund Program, the Section 8 Rental Voucher Program, the Section 8 Rental Certificate Program, and the Section 8 New Construction Programs.

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 Commissioners of the Housing Authority.

Accounting and Reporting for Nonexchange Transactions

The Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, (GASB 33), effective for the year ended June 30, 2001. Nonexchange transactions occur when the Authority receives (or gives) value without directly giving (or receiving) equal value in return.

Under generally accepted accounting principles, prior to GASB 33, the Authority did not recognize revenues associated with grant funds expended for capitalizable fixed assets. These transactions along with the depreciation recorded on such assets were reported as increases/decreases in contributed capital.

MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2001

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Effective for the year ended June 30, 2001, in conformity with the requirements of GASB 33, the Authority has recognized grant funds expended for capitalizable fixed assets as revenues and the related depreciation thereon, as expenses in the accompanying Combined Statement of Revenue and Expense.

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 the 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 absences 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.

Cash and Investments

Investment procedures are restricted by HUD regulations and by the provisions of the Ohio Revised Code. Purchased investments are valued at cost.

HUD Handbook 7475.1, Chapter 4, Section 1 authorizes the Authority to make investments in:

- Direct Obligations of the Federal Government
- Obligations of Federal Government Agencies
- Securities of Government-Sponsored Agencies
- Demand and Savings Deposits
- Certificates of Deposits

The Authority's cash and investment balances with banks as of June 30, 2001 were as follows:

<u>Annual Contribution Contract</u>	<u>Bank Balance</u>	<u>Book Balance</u>	<u>Market Value</u>
Public Housing	\$ 77,407	\$77,407	\$77,407
Section 8 Housing	<u>1,113,630</u>	<u>1,113,630</u>	<u>1,113,630</u>
	<u>\$1,191,037</u>	<u>\$1,191,037</u>	<u>\$1,191,037</u>

MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2001

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

As of June 30, 2001, the bank balance consisted of \$58,430 in demand deposits and \$1,132,607 in certificates of deposit. Of this amount, \$100,000 was collateralized by Federal Depository Insurance and the remaining \$1,091,037 was collateralized with specific government securities pledged by banks.

Restricted Cash

Tenant security deposits and deposits associated with the operation of the Family Self Sufficiency Program are required to be held in separate accounts and generally are not available for operating purposes.

Property and Equipment

Property and equipment is stated at cost. Renewals and betterments are capitalized. The costs of maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

Land improvements	20 years
Buildings and building improvements	20-40 years
Furniture, equipment and machinery	10 years
Leasehold improvements	10-20 years

Deferred Revenue

Deferred revenue represents unexpended housing assistance receipts for fiscal 2002, received in fiscal 2001.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Actual results could vary from the estimates that were used.

Statement of Cash Flows

The Statement of Cash Flows is presented in accordance with Government Accounting Standards Board Statement No. 9. The Authority considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents consist of certificates of deposit at June 30, 2001.

There were no cash payments for interest or income taxes during the year ended June 30, 2001.

MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2001

NOTE 2 – INSURANCE COVERAGE

As of June 30, 2001, the Authority had general liability insurance of \$1,000,000 (each occurrence) with an aggregate limit of \$2,000,000; director and officer liability coverage of \$1,000,000 per loss and in the aggregate; vehicle liability coverage of \$1,000,000; and commercial property coverage of \$4,000,000 on buildings and \$60,000 on personal property.

There were no reductions in insurance coverages during the year ended June 30, 2001, and insurance settlements have not exceeded available coverage limits during each of the years ended June 30, 2001, 2000 or 1999.

NOTE 3 – DEFINED BENEFIT PENSION PLAN

All full-time employees of the Authority participate in the Public Employees Retirement System of Ohio (PERS), which is a cost-sharing, multiple-employer defined benefit pension plan administered by the Public Employees Retirement Board. PERS provides for retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. The authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. PERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the Authority is required to contribute 10.84 percent. The portion of this amount used to fund pension obligations for 2000 was 6.54 percent. The employer contribution rates for 2000 represent a temporary rate reduction from the 1999 rate of 13.55 percent. Contributions are authorized by State statute. The contribution rates are determined actuarially. The Authority's contributions to PERS for the years ended June 30, 2001, 2000 and 1999 were \$26,993, \$33,298 and \$24,543, respectively. For the year ended June 30, 2001, the Authority's contribution exceeded the dollar amount billed to the Authority by PERS by approximately \$1,000. For the years ended June 30, 2000 and 1999, the Authority's contribution amounts were equal to the total dollar amount billed to the Authority by PERS.

NOTE 4 – POSTEMPLOYMENT BENEFITS

The Public Employees Retirement System of Ohio 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 and primary survivor recipients is available. The health care coverage provided by PERS is considered an "Other Postemployment Benefit" (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers." A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The employer contribution rate for 2000 was 10.84 percent of covered payroll; 4.3 percent was the portion used to fund health care.

MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2001

NOTE 4 – POSTEMPLOYMENT BENEFITS (Continued)

Benefits are advance funded using the entry age normal cost method. For 2000, PERS returned to an actuarially pre-funded disclosure because this provides a better presentation of the actual funding methodology. In prior years, the disclosure was based on a pay-as-you-go basis. Significant actuarial assumptions include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually, and an additional increase in total payroll of .54 percent to 5.1 percent based on additional pay increases. Health care premiums were assumed to increase 4.75 percent annually.

Other Postemployment Benefits are financed through employer contributions and investment earnings. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

At December 31, 2000, the total number of benefit recipients eligible for OPEB through the System was 401,339. As of December 31, 2000, the actuarial value of net assets available for future OPEB payments was \$10,085.5 million. The actuarially accrued liability and the unfunded actuarial liability was \$12,473.6 million and \$1,668.1 million, respectively. The Authority's actual contribution for 2001 which was used to fund OPEB was \$10,181.

NOTE 5 – CONSTRUCTION IN PROGRESS

The Construction in Progress account balance, which totaled \$469,522 at June 30, 2001 consists of several projects to modernize apartments, renovate various common use areas, replace equipment, machinery and appliances, and replace roofing. There are no significant outstanding construction commitments associated with these projects as of June 30, 2001.

NOTE 6 – COMPENSATED ABSENCES

Employees earn 2-5 weeks of annual vacation leave per calendar year, based on years of service. Annual leave may be taken after 1 year of employment. Annual leave may not be accumulated unless approved by the Executive Director. As of June 30, 2001, the accrual for compensated absences totaled \$14,508 and has been included in the accrued wages and compensated absences account balance in the accompanying balance sheet. The expense totaled (\$2,214) and has been included in administrative expense and ordinary maintenance and operations expense in the accompanying Combined Statement of Revenue and Expense.

NOTE 7 – PRIOR PERIOD ADJUSTMENT

A prior period adjustment to increase retained earnings in the amount of \$68,458 was recorded in June, 2001. The purpose of this adjustment was to agree the accounts payable balance due to the U.S. Department of Housing and Urban Development associated with the settlement of Section 8 New Construction Programs (Form HUD – 52681) with the balances approved by the U.S. Department of Housing and Urban Development.

MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2001

NOTE 8 – SEGMENT INFORMATION

Supplemental Combining Balance Sheets and Schedules of Revenue and Expense, by Program for each of the Authority's six enterprise funds can be found in the Supplemental Data on pages 15 – 18. Combining Cash Flow information for each of these funds is as follows:

	Public Hsg.	Cap. Fund	CIAP Pgm.	Voucher Pgm.	Certs. Pgm.	New Const.	Totals
Net cash used							
By operating							
Activities	\$38,525	\$7,234	\$21,553	\$(63,654)	\$16,424	\$(73,182)	\$(53,100)
Cash flows from							
Capital activities	(35,410)	(7,234)	(21,553)	-	-	-	(64,197)
Cash flows from							
Investing activities	<u>3,690</u>	<u>-</u>	<u>-</u>	<u>6,264</u>	<u>6,359</u>	<u>4,492</u>	<u>20,805</u>
Net decrease in							
Cash	6,805	-	-	(57,390)	22,783	(68,690)	(96,492)
Cash, Beginning							
Of Year	<u>70,602</u>	<u>-</u>	<u>-</u>	<u>555,927</u>	<u>207,277</u>	<u>453,723</u>	<u>1,287,529</u>
Cash, End of Year	<u>\$77,407</u>	<u>-</u>	<u>-</u>	<u>\$498,537</u>	<u>\$230,060</u>	<u>\$385,033</u>	<u>\$1,191,037</u>

SUPPLEMENTAL DATA

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**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTAL DATA**

To the Board of Commissioners
Medina Metropolitan Housing Authority
Medina, Ohio

My report on my audit of the basic financial statements of the Medina Metropolitan Housing Authority as of and for the year ended June 30, 2001 appears on page 1. I conducted my 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, for the purpose of forming an opinion on the basic financial statements taken as a whole. The information included in the accompanying Supplemental Combining Balance Sheet by Program and Combining Schedule of Revenue and Expense by Program is presented only for purposes of additional analysis 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 my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Laura J. MacDonald, CPA, Inc.
December 14, 2001

MEDINA METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL COMBINING BALANCE SHEET BY PROGRAM
June 30, 2001

ACCOUNT DESCRIPTION	LOW RENT PUBLIC HOUSING	PUBLIC HOUSING CAP. FUND	PUBLIC HOUSING CIAP PROGRAM
ASSETS			
Cash and cash equivalents	60,973	-	-
Cash, restricted for tenant security deposits	16,434	-	-
Cash, restricted for Family Self Sufficiency Program	-	-	-
Accounts receivable-HUD	-	7,234	20,073
Accounts receivable-tenants	1,567	-	-
Accounts receivable-interprogram	115,622	-	-
Other current assets	5,058	-	-
Land, buildings and improvements	1,522,947	-	-
Furniture, equipment and machinery	91,876	-	-
Leasehold improvements	17,364	-	-
Construction in progress	-	7,234	462,288
Accumulated depreciation	(1,514,362)	-	-
	<u>317,479</u>	<u>14,468</u>	<u>482,361</u>
LIABILITIES AND EQUITY			
Accounts payable - trade	7,222	-	-
Accounts Payable-HUD PHA Programs	-	-	-
Accounts payable-other	12,158	-	-
Tenant security deposits	16,434	-	-
Accrued wages and compensated absences	6,772	-	-
Interprogram payables	22,069	7,234	108,388
Deferred revenues	935	-	-
Escrowed deposits for Family Self Sufficiency Program	-	-	-
Tenant service fund	2,205	-	-
Contributed capital	33,452	-	307,711
Retained earnings	216,232	7,234	66,262
	<u>317,479</u>	<u>14,468</u>	<u>482,361</u>

Please refer to auditor's report on supplemental data.

<u>SECTION 8 RENTAL VOUCHER PROGRAM</u>	<u>SECTION 8 RENTAL CERTIFICATE PROGRAM</u>	<u>SECTION 8 NEW CONSTRUCTION</u>	<u>TOTAL</u>
441,850	229,059	385,033	1,116,915
-	-	-	16,434
56,687	1,001	-	57,688
-	11,709	-	39,016
-	-	-	1,567
-	-	-	115,622
2,445	510	452	8,465
-	-	-	1,522,947
10,391	2,128	-	104,395
-	-	-	17,364
-	-	-	469,522
(1,039)	(213)	-	(1,515,614)
<u>510,334</u>	<u>244,194</u>	<u>385,485</u>	<u>1,954,321</u>

1,300	11	6	8,539
34,098	-	34,237	68,335
-	-	-	12,158
-	-	-	16,434
15,280	3,074	1,539	26,665
81,298	146,540	97,626	463,155
171,927	-	50,297	223,159
56,687	1,001	-	57,688
-	-	-	2,205
-	-	-	341,163
149,744	93,568	201,780	734,820
<u>510,334</u>	<u>244,194</u>	<u>385,485</u>	<u>1,954,321</u>

MEDINA METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL COMBINING SCHEDULE OF REVENUE
AND EXPENSE BY PROGRAM
Year Ended June 30, 2001

ACCOUNT DESCRIPTION	LOW RENT PUBLIC HOUSING	PUBLIC HOUSING CAP. FUND	PUBLIC HOUSING CIAP PROGRAM
REVENUE:			
<u>HUD Grants:</u>			
HUD PHA grants	\$ 52,603	\$ 7,234	\$ 21,553
Other government grants	-	-	-
<u>Rental income:</u>			
Net tenant revenue	195,311	-	-
Tenant revenue - other	10,908	-	-
	<u>206,219</u>	<u>-</u>	<u>-</u>
	258,822	7,234	21,553
EXPENSES:			
<u>Administrative:</u>			
Administrative salaries	38,676	-	-
Auditing fees	1,138	-	-
Employee benefit contributions - administrative	16,997	-	-
Other operating - administrative	18,614	-	-
	<u>75,425</u>	<u>-</u>	<u>-</u>
<u>Utilities:</u>			
Water	4,515	-	-
Electricity	46,436	-	-
Gas	23,872	-	-
Other	6,223	-	-
	<u>81,046</u>	<u>-</u>	<u>-</u>
<u>Ordinary maintenance and operations:</u>			
Labor	25,980	-	-
Materials and Other	20,412	-	-
Contract costs	25,239	-	-
Protective services - other contract costs	-	-	-
	<u>71,631</u>	<u>-</u>	<u>-</u>
<u>General Expenses:</u>			
Insurance premiums	7,661	-	-
Payments in lieu of taxes	12,155	-	-
Bad debt - tenant rent	626	-	-
Housing assistance payments	-	-	-
	<u>20,442</u>	<u>-</u>	<u>-</u>
TOTAL EXPENSES	<u>248,544</u>	<u>-</u>	<u>-</u>
NET INCOME FROM OPERATIONS BEFORE DEPRECIATION	10,278	7,234	21,553
Depreciation	50,259	-	-
NET OPERATING INCOME/(LOSS)	(39,981)	7,234	21,553
Interest income	3,690	-	-
NET INCOME/(LOSS)	<u>\$ (36,291)</u>	<u>\$ 7,234</u>	<u>\$ 21,553</u>

Please refer to auditor's report on supplemental data.

SECTION 8 RENTAL VOUCHER PROGRAM	SECTION 8 RENTAL CERTIFICATE PROGRAM	SECTION 8 NEW CONSTRUCT.	TOTAL
\$ 1,707,092	\$ 339,494	\$ 749,812	\$ 2,877,788
-	-	-	-
-	-	-	195,311
-	-	-	10,908
-	-	-	206,219
1,707,092	339,494	749,812	3,084,007
116,708	22,883	10,806	189,073
1,138	1,138	-	3,414
31,845	6,360	2,837	58,039
41,556	9,010	10,361	79,541
191,247	39,391	24,004	330,067
120	25	25	4,685
-	-	-	46,436
421	88	88	24,469
102	21	21	6,367
643	134	134	81,957
1,690	745	745	29,160
3,659	695	710	25,476
2,294	554	480	28,567
-	-	-	-
7,643	1,994	1,935	83,203
1,470	1,799	276	11,206
-	-	-	12,155
-	-	-	626
1,469,070	291,825	662,218	2,423,113
1,470,540	293,624	662,494	2,447,100
1,670,073	335,143	688,567	2,942,327
37,019	4,351	61,245	141,680
1,038	213	-	51,510
35,981	4,138	61,245	90,170
6,264	6,359	4,492	20,805
\$ 42,245	\$ 10,497	\$ 65,737	\$ 110,975

**MEDINA METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES*
Year Ended June 30, 2001**

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>ANNUAL CONTRIBUTION CONTRACT NO.</u>	<u>FEDERAL EXPENDITURES</u>
U.S. Department of Housing and Urban Development:			
Direct Programs:			
PHA Owned Housing:			
Operating Subsidy	14.850	C-995	\$ 52,603
Comprehensive Improvement Assistance Program	14.852	C-995	21,553
Public Housing Capital Fund Program	14.872		7,234
Housing Assistance Payments Program:			
Section 8 Tenant Based Cluster:			
Section 8 - Rental Certificate Program	14.857	C-5030	335,143
Section 8 - Rental Voucher Program	14.855	C-5030	<u>1,670,073</u>
			2,005,216
Section 8 Project Based Cluster:			
Section 8 - New Construction	14.182	C-5030	<u>688,567</u>
			<u>2,693,783</u>
			<u>\$ 2,775,173</u>

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

*Laura J. MacDonald, CPA, Inc.
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(330) 722-1944*

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

To the Board of Commissioners
Medina Metropolitan Housing Authority
Medina, Ohio

I have audited the financial statements of the Medina Metropolitan Housing Authority's Public Housing and Section 8 Funds as of and for the year ended June 30, 2001, and have issued my report thereon dated December 14, 2001. I conducted my 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 Medina Metropolitan Housing Authority's 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 Medina Metropolitan Housing Authority'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 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. However, I noted other matters involving the internal control over financial reporting which I have reported to the management of the Medina Metropolitan Housing Authority in a separate letter dated December 14, 2001.

This report is intended for the information and use of the Board of Commissioners, management, others within the Authority and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

December 14, 2001
Laura J. MacDonald, CPA, Inc.

*Laura J. MacDonald, CPA, Inc.
3637 Medina Road, Suite F
Medina, Ohio 44256
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**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Commissioners
Medina Metropolitan Housing Authority
Medina, Ohio

Compliance

I have audited the compliance of the Medina Metropolitan Housing Authority's Public Housing and Section 8 Funds 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 its major federal programs in addition to the provisions of Public and Indian Housing Notice 97-30 for the year ended June 30, 2001. The Medina Metropolitan Housing Authority's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs are the responsibility of the Medina Metropolitan Housing Authority's management. My responsibility is to express an opinion on the Medina Metropolitan Housing Authority's compliance based on my audit.

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

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

Internal Control Over Compliance

The management of the Medina 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 my audit, I considered the Medina Metropolitan Housing 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 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 and use of the Board of Commissioners, management, others within the Authority and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

December 14, 2001
Laura J. MacDonald, CPA, Inc.

MEDINA METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FINDINGS
June 30, 2001

I. SUMMARY OF AUDITOR'S RESULTS

Type of Financial Statement Opinion	Unqualified
Were there any material control weakness conditions reported at the financial statement level (Generally Accepted Government Auditing Standards)?	No
Were there any other reportable control weakness conditions reported at the financial statement level (Generally Accepted Government Auditing Standards)?	No
Was there any material reported noncompliance at the financial statement level (Generally Accepted Government Auditing Standards)?	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 Section 510?	No
Major Programs:	Housing Assistance Payments Program: Section 8 Clusters - Tenant & Project Based CFDA 14.855/14.857 & CFDA 14.182
Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: All others
Low Risk Auditee?	Yes

II. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

NONE

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE

MEDINA METROPOLITAN HOUSING AUTHORITY
GENERAL COMMENTS
Year Ended June 30, 2001

ACTIVITIES OF THE AUTHORITY

The Medina Metropolitan Housing Authority had 651 units in management as of June 30, 2001 as follows:

	<u>Units</u>
Public Housing:	
Project Number OH-033-001	83
Section 8 Programs:	
Project Number: OH027CE	84
Project Number: OH027VO	383
Project Number: OH027NC026	<u>101</u>
	<u>651</u>

AUDIT ADJUSTMENTS

The following audit adjustments were made as of June 30, 2001, and for the year then ended:

CIAP Fund:

1. dr. Accounts Receivable - HUD	\$59	
cr. Construction in Progress		\$59

To adjust CIAP receivables to actual at June 30, 2001.

2. dr. HUD – PHA Grants Revenue	\$88,315	
cr. Accounts payable – Northview Manor		\$88,315

To adjust revenue to actual at June 30, 2001.

3. dr. Contributed Capital	\$66,261	
cr. Retained Earnings		\$66,261

To reclassify, in accordance with GASB 33.

Section 8-New Construction:

1. dr. Retained Earnings	\$56,648	
cr. HUD – PHA Grant Revenue		\$56,648

To adjust 2001 activity for audit entry recorded in the previous year.

MEDINA METROPOLITAN HOUSING AUTHORITY
GENERAL COMMENTS
Year Ended June 30, 2001

ACTIVITIES OF THE AUTHORITY (Continued)

Low Rent Public Housing Fund:

1. dr. Accounts Receivable – CIAP	\$88,315	
cr. Retained Earnings		\$88,315

To record prior year adjusting entry.

2. dr. Contributed Capital	\$19,061	
cr. Retained Earnings		\$19,061

To reclassify, in accordance with GASB 33.

Public Housing Capital Fund:

1. dr. Contributed Capital	\$7,234	
cr. Retained Earnings		\$7,234

To reclassify, in accordance with GASB 33.



STATE OF OHIO
OFFICE OF THE AUDITOR

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MEDINA METROPOLIAN HOUSING AUTHORITY

MEDINA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 24, 2002**