

**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, 2000**

**Laura J. MacDonald, CPA, Inc.  
3613 Reserve Commons Drive  
Medina, Ohio 44256**





**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**  

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**JIM PETRO, AUDITOR OF STATE**

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Board of Commissioners  
Medina Metropolitan Housing Authority  
Medina, Ohio

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, 1999 to June 30, 2000. 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

April 18, 2001

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**MEDINA METROPOLITAN HOUSING AUTHORITY  
 FINANCIAL STATEMENTS AND  
 SUPPLEMENTAL DATA  
 Year Ended June 30, 2000**

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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, 2000, and the related Combined Statements of Revenue and Expense, and the Combined Statements of Charges 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 generally accepted auditing standards 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.

Prior to July 1, 1999, the Authority kept its records and prepared its financial statements in accordance with the basis of accounting prescribed or permitted by the U.S. Department of Housing and Urban Development at that time, which followed a comprehensive basis of accounting other than generally accepted accounting principles. As described in Note 5 to the financial statements, the Authority has adopted the accrual basis of accounting effective July 1, 1999.

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, 2000, and the results of its operations and charges in its equity and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued a report dated February 21, 2001 on my consideration of the Medina Metropolitan Housing Authority's internal control over financial reporting and 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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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.  
February 21, 2001



**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**COMBINED BALANCE SHEET -**  
**PROPRIETARY FUND TYPE**  
**June 30, 2000**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 1,207,465	
Cash, restricted for security deposits	15,219	
Cash, restricted for Family Self Sufficiency Program	64,845	
Accounts receivable:		
HUD	113,074	
Tenants, net of allowance	256	
Interprogram receivables	88,315	
Other current assets	<u>8,401</u>	
		\$ 1,497,575

**PROPERTY AND EQUIPMENT**

Land, buildings and improvements	1,508,710	
Furniture, equipment and machinery	83,221	
Leasehold improvements	17,364	
Construction in progress	<u>440,735</u>	
		2,050,030
Less accumulated depreciation		<u>(1,464,103)</u>
		<u>585,927</u>
		<u><u>\$ 2,083,502</u></u>

Please refer to accompanying notes.

**LIABILITIES AND EQUITY****CURRENT LIABILITIES**

Accounts payable:

Trade	\$	18,854	
HUD		350,166	
MMHA Agency Fund		387,132	
Other		12,218	
Tenant security deposits		15,219	
Accrued wages and compensated absences		28,230	
Interprogram payables		88,315	
Deferred revenue		219,768	
Escrowed deposits for Family Self Sufficiency Program		<u>64,845</u>	
	\$		1,184,747

**LONG-TERM LIABILITY**

Tenant Service Fund			<u>2,205</u>
			1,186,952

**EQUITY**

Contributed capital		390,838	
Retained earnings		<u>505,712</u>	
			<u>896,550</u>
	\$		<u><u>2,083,502</u></u>

**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**COMBINED STATEMENT OF REVENUE AND EXPENSE -**  
**PROPRIETARY FUND TYPE**  
**Year Ended June 30, 2000**

**OPERATING REVENUE**

HUD grants	\$ 2,781,183	
Rental income	<u>197,708</u>	
		\$ 2,978,891

**OPERATING EXPENSES**

Administrative	331,325	
Utilities	71,029	
Ordinary maintenance and operations	71,118	
General	<u>2,525,869</u>	
		<u>2,999,341</u>

**NET LOSS FROM OPERATIONS  
BEFORE DEPRECIATION** (20,450)

**DEPRECIATION**

Assets acquired with contributed capital		<u>49,896</u>
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**NET OPERATING LOSS** (70,346)

**NON-OPERATING REVENUES**

Interest income		<u>32,818</u>
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**NET LOSS** \$ (37,528)

Please refer to accompanying notes.

**MEDINA METROPOLITAN HOUSING AUTHORITY  
 COMBINED STATEMENT OF CHANGES IN EQUITY -  
 PROPRIETARY FUND TYPE  
 Year Ended June 30, 2000**

	<u>CONTRIBUTED CAPITAL</u>	<u>RETAINED EARNINGS</u>	<u>TOTAL</u>
<b>EQUITY BALANCES AT JUNE 30, 1999, AS PREVIOUSLY REPORTED</b>	\$ 94,604	\$ 1,819,456	\$ 1,914,060
Change in Accounting Basis	<u>-</u>	<u>(1,326,112)</u>	<u>(1,326,112)</u>
Equity balances at June 30, 1999, as restated	94,604	493,344	587,948
Capital outlays - CIAP Programs	346,130	-	346,130
Operating loss	-	(70,346)	(70,346)
Depreciation of property and equipment purchased with contributed capital	(49,896)	49,896	-
Non-operating revenues	<u>-</u>	<u>32,818</u>	<u>32,818</u>
<b>EQUITY BALANCES AT JUNE 30, 2000</b>	<u>\$ 390,838</u>	<u>\$ 505,712</u>	<u>\$ 896,550</u>

Please refer to accompanying notes.

**MEDINA METROPOLITAN HOUSING AUTHORITY  
 COMBINED STATEMENT OF CASH FLOWS -  
 - PROPRIETARY FUND TYPE  
 Year Ended June 30, 2000**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net operating loss	\$	(70,346)
Adjustments to reconcile net operating loss to net cash provided by operating activities:		
Prior period adjustments		(2,436)
Depreciation		49,896
(Increase) decrease in assets:		
Accounts receivable - HUD		(98,802)
Accounts receivable - tenants		(256)
Accounts receivable - interprogram		(88,315)
Other current assets		(859)
Increase (decrease) in liabilities:		
Accounts payable		556,530
Tenant security deposits		15,219
Accrued wages and compensated absences		9,586
Interprogram payables		88,315
Deferred reveue		219,768
Other current liabilities		(1,952)
Escrowed deposits for Family Sufficiency Program		14,762
		<u>14,762</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	\$	691,110
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets		(409,964)
Capital grant proceeds		346,130
		<u>346,130</u>
<b>NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>		(63,834)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income		<u>32,818</u>
<b>NET INCREASE IN CASH</b>		660,094
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<u>627,435</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$	<u><u>1,287,529</u></u>

Please refer to accompanying notes.

**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2000**

**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 generally accepted accounting principles. 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, 2000, the Authority had separate enterprise funds for the Low Rent Public Housing Program, the Public Housing CIAP Program, the Section 8 Rental Voucher Program, the Section 8 Rental Certificate Program, and the Section 8 New Construction Programs.

**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

**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2000**

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

The Authority's cash and investment balances with banks as of June 30, 2000 were as follows:

<b><u>Annual Contribution Contract</u></b>	<b><u>Bank Balance</u></b>	<b><u>Book Balance</u></b>	<b><u>Market Value</u></b>
Public Housing	\$ 70,606	\$70,606	\$70,606
Section 8 Housing	<u>1,190,905</u>	<u>1,190,905</u>	<u>1,190,905</u>
	<u>\$1,261,511</u>	<u>\$1,261,511</u>	<u>\$1,261,511</u>

As of June 30, 2000, the bank balance consisted of \$65,625 in demand deposits and \$1,195,886 in certificates of deposit. Of this amount, \$100,000 was collateralized by Federal Depository Insurance and the remaining \$1,116,511 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 2001, received in fiscal 2000.

**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, 2000.

**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2000**

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

There were no cash payments for interest or income taxes during the year ended June 30, 2000.

**NOTE 2 – INSURANCE COVERAGE**

As of June 30, 2000, 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.

**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. PERS provides for retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries.

Employees may retire at or after age 60 with 5 years of credited service. They are entitled to reduced benefits at age 55, with 25 years of service. With 30 years of service there is no age requirement or age benefit reduction. Benefit payments vary in amount based on length of public service, age, final average salary level and the type of benefit payment plan selected. The authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code.

In addition, PERS provides postretirement health care coverage to age and service retirants with 10 or more years of qualifying service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an "Other Postemployment Benefit" (OPEB) as described in Statement No. 12 of the Government Accounting Standards Board. A portion of each employer's contribution to PERS is set-aside for the funding of post retirement health care.

OPEB is financed through employer contributions and investment earnings thereon. The contributions allocated to retiree health and Medicare, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely.

PERS expenditures for OPEB during the year ended December 31, 1999 were \$523,599,349. As of December 31, 1999 (the latest information available), the unaudited net assets available for future OPEB payments were \$9,870,285,641. The number of benefit recipients eligible statewide for OPEB at December 31, 1999 was 118,062.

During 1997, the Retirement Board adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1999, employer contributions, equal to 4.2% of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for health care coverage.



**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2000**

**NOTE 3 – DEFINED BENEFIT PENSION PLAN (Continued)**

The Ohio Revised Code provides statutory authority for employee and employer contributions, including the funding of postretirement health care benefits by public employers through their contributions to PERS. Throughout the year ended June 30, 2000, covered employees were required to contribute 8.5% of their salary to PERS. The employer contribution rate for local government employer units was 13.55% of covered payroll; 4.2% of which was used to fund health care. For the fiscal year ended June 30, 2000, the Authority's PERS expense totaled \$33,298 and has been included in administrative expense in the accompanying financial statements. Of this amount, \$12,558 was used to fund postemployment benefits.

For fiscal 2000, the Authority's contribution amount (of \$33,298) was equal to the total dollar amount billed to the Authority by PERS. The Authority's PERS expense for fiscal 1999, 1998 and 1997 was \$24,543; \$29,934; and \$27,139, respectively. The Authority contributed 100% of the amount billed to the Authority by PERS in each of these years.

The Public Employees Retirement System issues a stand-alone financial report. A copy of this report can be obtained by making a written request to 277 East Town Street, Columbus, Ohio, 43215-4642, or by calling (614) 466-2085.

**NOTE 4 – 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, 2000, the accrual for compensated absences totaled \$16,722 and has been included in the accrued wages and compensated absences account balance in the accompanying balance sheet. The expense totaled \$13,493 and has been included in administrative expense and ordinary maintenance and operations expense in the accompanying Combined Statement of Revenue and Expense.

**NOTE 5 – CHANGE IN ACCOUNTING BASIS**

Effective July 1, 1999, the Authority adopted the accrual basis of accounting in conformity with generally accepted accounting principles, to conform to the latest requirements of the U.S. Department of Housing and Urban Development (HUD). Prior to July 1, 1999, the Authority's financial statements were prepared in accordance with HUD requirements at that time, which followed a comprehensive basis of accounting other than generally accepted accounting principles. As a result of this change in accounting basis, equity has been reduced by \$1,326,112 to retroactively reflect this change in accounting.

**NOTE 6 – CONTRIBUTED CAPITAL**

The Authority receives funding for capital projects under various Comprehensive Improvement Assistance Program (CIAP) grants from the U.S. Department of Housing and Urban Development. Such funding is reflected as an increase in the contributed capital balance when it is received. The depreciation expense related to fixed assets purchased with such grants is reflected as a decrease in contributed capital. The activity in the contributed capital account balance during the year ended June 30, 2000 is detailed in the Combined Statement of Changes in Equity.

**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 Medina Metropolitan Housing Authority as of and for the year ended June 30, 2000 appears on page 1. 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, for the purpose of forming an opinion on the basic financial statements taken as a whole. The information included in the accompanying Supplemental 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.  
February 21, 2001

**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**SUPPLEMENTAL COMBINING SCHEDULE OF REVENUE**  
**AND EXPENSE BY PROGRAM**  
**Year Ended June 30, 2000**

<b>LINE ITEM #</b>	<b>ACCOUNT DESCRIPTION</b>	<b>LOW RENT PUBLIC HOUSING</b>	<b>PUBLIC HOUSING CIAP PROGRAM</b>	<b>SECTION 8 RENTAL VOUCHER PROGRAM</b>
	<b>REVENUE:</b>			
	<u>HUD Grants:</u>			
706	HUD PHA grants	\$ 35,586	\$ -	\$ 814,910
708	Other government grants	-	-	-
	<u>Rental income:</u>			
703	Net tenant revenue	187,145	-	-
704	Tenant revenue - other	10,563	-	-
		<u>197,708</u>	<u>-</u>	<u>-</u>
		233,294	-	814,910
	<b>EXPENSES:</b>			
	<u>Administrative:</u>			
911	Administrative salaries	38,449	-	46,436
912	Auditing fees	2,244	-	404
915	Employee benefit contributions - administrative	18,316	-	10,521
916	Other operating - administrative	31,249	-	19,555
		<u>90,258</u>	<u>-</u>	<u>76,916</u>
	<u>Utilities:</u>			
931	Water	5,272	-	41
932	Electricity	39,853	-	-
933	Gas	15,316	-	102
938	Other	9,978	-	37
		<u>70,419</u>	<u>-</u>	<u>180</u>
	<u>Ordinary maintenance and operations:</u>			
941	Labor	31,728	-	741
942	Materials and Other	17,240	-	754
943	Contract costs	13,580	-	1,056
952	Protective services - other contract costs	-	-	-
		<u>62,548</u>	<u>-</u>	<u>2,551</u>
	<u>General Expenses:</u>			
961	Insurance premiums	7,578	-	594
963	Payments in lieu of taxes	12,218	-	-
964	Bad debt - tenant rent	(397)	-	-
973	Housing assistance payments	-	-	697,483
		<u>19,399</u>	<u>-</u>	<u>698,077</u>
	<b>TOTAL EXPENSES</b>	<u>242,624</u>	<u>-</u>	<u>777,724</u>
	<b>NET LOSS FROM OPERATIONS BEFORE DEPRECIATION</b>	(9,330)	-	37,186
	Depreciation	<u>49,896</u>	<u>-</u>	<u>-</u>
	<b>NET OPERATING INCOME (LOSS)</b>	(59,226)	-	37,186
	Interest income	<u>4,987</u>	<u>-</u>	<u>4,988</u>
	<b>NET INCOME (LOSS)</b>	<u>\$ (54,239)</u>	<u>\$ -</u>	<u>\$ 42,174</u>

Please refer to auditor's report on supplemental data.

<b>SECTION 8 RENTAL CERTIFICATE PROGRAM</b>	<b>SECTION 8 NEW CONSTRUCT.</b>	<b>TOTAL</b>
\$ 866,425	\$ 1,064,262	\$ 2,781,183
-	-	-
-	-	187,145
-	-	10,563
-	-	197,708
866,425	1,064,262	2,978,891
85,900	12,384	183,169
1,077	763	4,488
24,018	3,525	56,380
23,487	12,997	87,288
134,482	29,669	331,325
95	10	5,418
-	-	39,853
212	19	15,649
85	9	10,109
392	38	71,029
1,308	707	34,484
1,408	177	19,579
2,165	254	17,055
-	-	-
4,881	1,138	71,118
1,635	258	10,065
-	-	12,218
-	-	(397)
743,338	1,063,162	2,503,983
744,973	1,063,420	2,525,869
884,728	1,094,265	2,999,341
(18,303)	(30,003)	(20,450)
-	-	49,896
(18,303)	(30,003)	(70,346)
11,168	11,675	32,818
<u>\$ (7,135)</u>	<u>\$ (18,328)</u>	<u>\$ (37,528)</u>

**MEDINA METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FEDERAL AWARDS EXPENDITURES\*  
Year Ended June 30, 2000**

<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	\$ 35,586
Comprehensive Improvement Assistance Program	14.852	C-995	346,130
Housing Assistance Payments Program:			
Section 8 Cluster:			
Section 8 - Rental Certificate Program	14.857	C-5030	866,425
Section 8 - Rental Voucher Program	14.855	C-5030	777,724
Section 8 - New Construction	14.182	C-5030	<u>1,064,262</u>
			<u>2,708,411</u>
			<u>\$ 3,090,127</u>

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

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**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, 2000, and have issued my report thereon dated February 21, 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 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.

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

February 21, 2001  
Laura J. MacDonald, CPA, Inc.

Laura J. MacDonald, CPA, Inc.  
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Medina, Ohio 44256  
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**INDEPENDENT AUDITOR'S REPORT  
ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR FEDERAL PROGRAM AND 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 program in addition to the provisions of Public and Indian Housing Notice 97-30 for the year ended June 30, 2000. The Medina Metropolitan Housing Authority's major federal program is 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 program is 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 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 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 program for the year ended June 30, 2000.



**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 and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

February 21, 2001  
Laura J. MacDonald, CPA, Inc.

**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**SCHEDULE OF FINDINGS**  
**June 30, 2000**

**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 Cluster - (Existing, New Construction and Vouchers) CFDA 14.857 CIAP Program CFDA 14.852
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, 2000**

**ACTIVITIES OF THE AUTHORITY**

The Medina Metropolitan Housing Authority had 731 units in management as of June 31, 2000 as follows:

	<u>Units</u>
Public Housing:	
Project Number OH-033-001	83
Section 8 Programs:	
Project Number: OH027CE	169
Project Number: OH027VO	289
Project Number: OH027NC026	84
Project Number: OH027NC003	<u>106</u>
	<u>731</u>

**AUDIT ADJUSTMENTS**

The following audit adjustments were made as of June 30, 2000, and for the year then ended:

CIAP Fund:

1. dr. Grant Revenue	\$257,816	
cr. Contributed Capital		\$257,816

To properly reflect CIAP grant revenue.

Public Housing Fund:

2. dr. Accounts Receivable-HUD	\$88,315.42	
cr. Contributed Capital		\$88,315.42

To set up receivable for excess of construction in progress over contributed capital.

Section 8-Liberty Plaza:

3. dr. HUD Grant Revenue	\$56,648.37	
cr. Investments		\$56,648.37

To correct posting error.

**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**GENERAL COMMENTS**  
**Year Ended June 30, 2000**

Section 8-Vouchers:

4. dr. HUD Grant Revenue	\$8,446	
cr. Accounts Payable-HUD		\$8,446

To adjust, per final 52681.

Section 8-Certificates:

5. dr. Cash	\$26,018	
cr. Deferred Revenue		\$26,018

To record July '00 HAP payment, received in June.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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Columbus, Ohio 43216-1140  
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800-282-0370  
Facsimile 614-466-4490

**MEDINA COUNTY METROPOLITAN 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  
APRIL 26, 2001**