

**PORTAGE METROPOLITAN HOUSING AUTHORITY
RAVENNA, OHIO**

**REPORT ON EXAMINATION OF FINANCIAL
STATEMENTS AND SUPPLEMENTAL DATA FOR THE
YEAR ENDED DECEMBER 31, 2001**

J. E. Slaybaugh & Associates, Inc.
Certified Public Accountant
12 East Main Street
Lexington, Ohio 44904



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Commissioners
Portage Metropolitan Housing Authority
2832 State Route 59
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We have reviewed the Independent Auditor's Report of the Portage Metropolitan Housing Authority, Portage County, prepared by J.E. Slaybaugh & Associates, Inc., for the audit period January 1, 2001 through December 31, 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 Portage Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

August 21, 2002

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PORTAGE METROPOLITAN HOUSING AUTHORITY
RAVENNA, OHIO

FOR THE YEAR ENDED DECEMBER 31, 2001

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J.E. Slaybaugh & Associates, Inc.
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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Portage Metropolitan Housing Authority
Ravenna, Ohio

We have audited the accompanying balance sheet of the Portage Metropolitan Housing Authority, Ravenna, Ohio, as of and for the year ended December 31, 2001, and the related statements of revenues, expenses, equity, and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Portage Metropolitan Housing Authority as of December 31, 2001, and the results of its operations and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 12, 2002, on our consideration of Portage Metropolitan Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental financial data schedules accompanying the financial statements are not necessary for fair presentation of the financial position, results of operations, and cash flows of the Authority in conformity with accounting principles generally accepted in the United States of America. The supplemental schedules listed in the table of contents are presented only for purposes of additional analysis and are not a required part of the financial statements. Such schedules have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Our audit was made for the purpose of forming an opinion on the financial statements of Portage Metropolitan Housing Authority, taken as a whole. The accompanying schedule of expenditures of federal awards is 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 financial statements. The information in that Schedule has been subjected to the auditing procedures applied in the audit of the financial statements, and in our opinion, is stated fairly, in all material respects, in relation to the financial statements taken as a whole.

J.E. Slaybaugh & Associates, Inc.
J.E. Slaybaugh & Associates, Inc.
June 12, 2002

PORTAGE METROPOLITAN HOUSING AUTHORITY
RAVENNA, OHIO
BALANCE SHEET
FOR THE YEAR ENDED DECEMBER 31, 2001

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 855,126
Investments-Unrestricted	2,914,776
Accounts Receivable- PHA Projects	26,777
Accounts Receivable- HUD	78,705
Tenant Accounts Receivable- Net of \$ 11,312 Doubtful Accounts	12,194
Accounts Receivable- Other	1,005
Accrued Interest Receivable	75,174
Interprogram Due From	36,848
Prepaid Expenses	14,135
Inventory	<u>97,562</u>
Total Current Assets	4,112,302

Restricted Investments	234,108
Property and Equipment - Net of \$ 8,259,383 Accumulated Depreciation	<u>10,574,548</u>

Total Assets	<u>\$ 14,920,958</u>
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LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable	\$ 58,271
Accounts Payable- HUD	39,407
Accounts Payable- Governments	39,851
Tenant Security Deposits	58,037
Accrued Wages and Payroll Taxes	14,661
Accrued Compensated Absences- current portion	86,916
Accrued Interest Payable	34,558
Accrued Liabilities-Other	48,784
Current Portion of Long Term Debt	58,790
Interprogram Due To	<u>36,848</u>
Total Current Liabilities	<u>476,123</u>

Noncurrent Liabilities

Long Term Debt- net of current portion	500,676
Other noncurrent liabilities	<u>1,794,961</u>
Total Noncurrent Liabilities	<u>2,295,637</u>

Total Liabilities	2,771,760
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Equity

Contributed Capital	9,574,423
Retained Earnings	<u>2,574,775</u>
Total Equity	<u>12,149,198</u>
Total Liabilities and Equity	<u>\$ 14,920,958</u>

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

PORTAGE METROPOLITAN HOUSING AUTHORITY
RAVENNA, OHIO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2001

<u>Revenue</u>		
HUD Grants		\$ 7,922,535
Rental Income		789,839
Investment Income-Unrestricted		169,757
Investment Income-Restricted		3,415
Other Revenue		<u>88,564</u>
Total Revenue		8,974,110
<u>Expenses (before depreciation)</u>		
Housing Assistance Payments		5,897,075
Administrative Salaries		749,074
Employee Benefits		350,454
Compensated Absences		7,432
Other Administrative Expense		148,390
Tenant Services- Salaries		25,473
Tenant Services- Other		93,573
Material and Labor-Maintenance		285,843
Contract Services		557,905
Protective Services-Labor		10,572
Protective Services-Other		31,990
Utilities		261,197
General Expenses		48,857
Payments in Lieu of Taxes		42,917
Bad Debt- Tenant Rents		14,984
Interest Expense		<u>36,714</u>
Total Expenses		8,562,450
Income (Loss) before Depreciation & Other Costs		411,660
Depreciation		637,759
Extraordinary Maintenance		<u>28,033</u>
Operating Income (Loss)		(254,132)
Retained Earnings - Beginning of Year		1,525,881
Reclassifications, Transfers, Adjustments	See Note 9	<u>1,303,026</u>
Retained Earnings - End of Year		<u>2,574,775</u>
Contributed Capital - Beginning of Year		10,700,887
Reclassifications, Transfers	See Note 9	<u>(1,126,464)</u>
Contributed Capital - End of Year		<u>9,574,423</u>
Total Equity - End of Year		<u>\$ 12,149,198</u>

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

PORTAGE METROPOLITAN HOUSING AUTHORITY
RAVENNA, OHIO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2001

Cash Flows from Operating Activities

Operating Income (Loss)	\$ (254,132)
Adjustments to reconcile Operating Income(Loss) to Net Cash Provided By Operating Activities:	
Depreciation	637,759
Changes in Operating Assets and Liabilities that Increase (Decrease) Cash Flows:	
Tenant Accounts Receivable- Net	(9,253)
Accounts Receivable- PIIA Projects	49,526
Accounts Receivable- HUD	74,711
Accounts Receivable- Other Governments	1,596
Accounts Receivable- Other	(811)
Accrued Interest Receivable	(34,674)
Prepaid Expenses	(3,400)
Inventories	(8,387)
Interprogram Due From	34,486
Accounts Payable- Vendor	(36,069)
Accounts Payable-HUD	(64,213)
Accounts Payable- Other Governments	4,184
Accrued Wages & Taxes Payable	2,474
Accrued Compensated Absences-current portion	1,757
Tenant Security Deposits	1,358
Accrued Interest Payable	(3,532)
Current portion of Long Term Debt	1,807
Accrued Liabilities-Other	(3,574)
Interprogram Due To	(34,486)
Long Term Debt, Net of Current Portion	(58,338)
Other Noncurrent Liabilities	(136,390)
Prior Year Adjustments	44,058
Total Adjustments	<u>460,589</u>
Net Cash (Used) Provided By Operating Activities	<u>206,457</u>

Cash Flows from Investing Activities

Change in Investments	(6,314)
Net Cash (Used) Provided By Investing Activities	<u>(6,314)</u>

Cash Flows from Capital and Related Financing Activities

Change in Property and Equipment	(155,958)
Net Cash (Used) Provided by Capital and Related Financing Activities	<u>(155,958)</u>

Increase (Decrease) In Cash and Cash Equivalents	44,185
Cash and Cash Equivalents - Beginning of Year	<u>810,941</u>
Cash and Cash Equivalents - End of Year	<u>\$ 855,126</u>

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

PORTAGE METROPOLITAN HOUSING AUTHORITY
RAVENNA, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Portage Metropolitan Housing Authority (PMHA or Authority) was created under the Ohio Revised Code Section 3735.27 to engage in the acquisition, development, leasing and administration of a low-rent housing program. An Annual Contributions Contract (ACC) was signed by the Portage Metropolitan Housing Authority and the U.S. Department of Housing and Urban Development (HUD), under the provisions of the United States Housing Act of 1937 (42 U.S.C. 1437) Section 1.1. The Authority was also created in accordance with state law to eliminate housing conditions which are detrimental to the public peace, health, safety, morals, or welfare by purchasing, acquiring, constructing, maintaining, operating, improving, extending, and repairing housing facilities. The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 is the "primary government." A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability is the ability of the primary government to impose its will upon the potential component unit. These criteria were considered in determining the reporting entity.

Basis of Accounting

The accompanying combined financial statements have been prepared on the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred. All transactions are accounted for in a single enterprise fund. Pursuant to GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, the Authority follows GASB guidance as applicable to proprietary funds and 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.

Use of Estimates

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

Cash and Cash Equivalents

The Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Tenant Receivables - Recognition of Bad Debts

Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant receivable balances at the end of the year.

PORTAGE METROPOLITAN HOUSING AUTHORITY
RAVENNA, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Property and Equipment

Property and Equipment is recorded at cost. Costs that materially add to the productive capacity or extend the life of an asset are capitalized while maintenance and repair costs are expensed as incurred.

Useful Lives	
Buildings	40 Years
Land & Building Improvements	15 Years
Equipment	7 Years
Autos	5 Years
Computers	3 Years

Depreciation is recorded on the straight-line method.

Capitalization of Interest

The Authority's policy is not to capitalize interest in the construction or purchase of fixed assets.

Investments

Investments are stated at fair value. Cost-based measures of fair value were applied to nonnegotiable certificates of deposit and money market investments.

NOTE 2 - CASH AND INVESTMENTS

Cash

State statutes classify monies held by the Authority into three categories.

Active deposits are public deposits necessary to meet demands on the treasury. Such monies must be maintained either as cash in the Authority's Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Authority has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

PORTAGE METROPOLITAN HOUSING AUTHORITY
RAVENNA, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2001

NOTE 2 - CASH AND INVESTMENTS, continued

The Authority's deposits are categorized to give an indication of the level of risk assumed by the entity at year end. Category 1 includes deposits that are insured or collateralized with securities held by the Authority or its safekeeping agent in the Authority's name. Category 2 includes uninsured deposits collateralized with securities held by the pledging financial institution's trust department or safekeeping agent in the Authority's name. Category 3 includes uninsured and uncollateralized with securities held by the pledging institution, or by its trust department or safekeeping agent, but not in the Authority's name.

The following show the Authority's deposits (bank balances) in each category:

Category 1. . . . \$ 257,029 was covered by federal depository insurance.
Category 2. . . . \$ 3,574,799 was covered by specific collateral pledged by the
financial institution in the name of the Authority.

Book Balances at December 31, 2001, were as follows:

	Cash	Investments	Total
Public Housing	\$ 73,627	\$ 770,070	\$ 843,697
Section 8 Vouchers	11,634	17,124	28,758
Section 8 New Const	38,835	130,336	169,171
Section 8 Mod Rehab	101,848	149,916	251,764
Other Federal Prog	494,787	1,802,502	2,297,289
State/Local	32,512	278,936	311,448
Business Activites	101,883	-	101,883
Total	<u>\$ 855,126</u>	<u>\$ 3,148,884</u>	<u>\$ 4,004,010</u>

Investments

HUD, State Statute and Board Resolutions authorize the Authority to invest in obligations of U.S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository fund, super NOW accounts, sweep accounts, separate trading of registered interest and principal of securities, mutual funds, bonds and other obligations of this State, and the State Treasurer's investment pool. Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of conformation of transfer from the custodian.

PORTAGE METROPOLITAN HOUSING AUTHORITY
RAVENNA, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2001

NOTE 2 - CASH AND INVESTMENTS, continued

The Authority's investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category A includes investments that are insured or registered or for which the securities are held by the Authority or its agent in the Authority's name. Category B includes uninsured and unregistered investments for which the securities are held by the counterparty's Trust department or agent in the Authority's name. Category C includes uninsured and unregistered investments for which securities are held by the counterparty or its Trust department but not in the Authority's name.

The Authority's nonnegotiable certificates of deposit are classified as investments on the balance sheet but are considered as deposits for GASB 3 purposes. Therefore, the categories described above do not apply.

NOTE 3 - PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2001, by class is as follows:

	Balance <u>12/31/00</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/01</u>
Land	\$ 1,641,721			\$ 1,641,721
Buildings and Building Improvements	16,482,859	81,428		16,564,287
Furniture, Equipment- Dwelling	410,999		(289,910)	121,089
Furniture, Equipment- Administrative	<u>574,350</u>	<u>74,530</u>	<u>(142,046)</u>	<u>506,834</u>
Total	19,109,929	155,958	(431,956)	18,833,931
Less Accumulated Depreciation	<u>(8,186,084)</u>	<u>(637,759)</u>	<u>564,460</u>	<u>(8,259,383)</u>
Net Property and Equipment	<u>\$ 10,923,845</u>	<u>\$ (481,801)</u>	<u>\$ 132,504</u>	<u>\$ 10,574,548</u>

NOTE 4 - ADMINISTRATIVE FEE

The Authority receives an "administrative fee" as part of the annual contribution from HUD to cover the costs (including overhead) of administering the Section 8 Housing Assistance Payments (HAP) Programs. The fee is a percentage of a HUD determined base rate for each unit per month under HAP contracts. The rates are as follows:

Housing Choice Vouchers

Units per month x \$ 45.46/unit

PORTAGE METROPOLITAN HOUSING AUTHORITY
 RAVENNA, OHIO
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2001

NOTE 5 - DEFINED PENSION PLANS AND POSTRETIREMENT BENEFITS

The employees of the Authority are covered by the Public Employees Retirement System of Ohio (PERS), a statewide cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, death benefits to plan members and beneficiaries. The authority to establish and amend benefits is provided by the state statute per Chapter 145 of the Ohio Revised Code. PERS issues a publicly available financial report. Interested parties may obtain a copy by making a written request to 277 E. Town Street, Columbus, OH 43215-4642 or by calling (614) 466-2085.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.50% of qualifying gross wages for all employees. The total 2001 employer contribution rate was 13.55% of covered payroll. Required employer contributions are equal to 100% of the dollar amount billed to each employer and must be extracted from the employer's records. The Authority's contributions to PERS, for the years ending December 31, were as follows:

	Contribution	%
12/31/01	\$ 132,527	13.55%
12/31/00	\$ 96,898	13.55%
12/31/99	\$ 68,113	13.55%

All required contributions were made prior to each of those fiscal year ends.

PERS of Ohio provides post-retirement health care coverage to age and service retirees with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employee and employer contributions. The number of active contributing participants was 401,339 as of December 31, 2000.

The assumptions and calculations below were based on the System's latest Actuarial Review performed as of December 31, 1999. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actual gains and losses) becomes part of unfunded actuarial liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

Expenditures for OPEB during the year ended December 31, 2000, were \$ 559,606,294. As of December 31, 2000, the unaudited estimated net assets available for future OPEB payments were \$ 10,805,500,000. The actuarial accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used were \$ 12,473,600 and \$ 1,668,100, respectively. The number of benefit recipients eligible for OPEB at December 31, 2000 was 122,343.

PERS reallocated employer contributions from 4.2 percent to 4.3 percent at the beginning of 2000 to improve health care financing. The proportion of contributions dedicated to funding OPEB increased during the year for this reason. The portion of Office contributions that were used to fund post-employment benefits can be determined by multiplying actual employer contributions by .4038.

PORTAGE METROPOLITAN HOUSING AUTHORITY
RAVENNA, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2001

NOTE 6 - COMPENSATED ABSENCES

Vacation and sick leave policies are established by the Board of Commissioners based on local and state laws.

All permanent employees will earn 4.6 hours sick leave per (80) hours of service. Unused sick leave may be accumulated without limit.

All permanent employees will earn vacation hours accumulated based on length of service. All vacation time accumulated will paid upon separation.

At December 31, 2001, based on the vesting method, \$ 86,916 was accrued by the Authority for unused vacation and sick time.

NOTE 7 - INSURANCE

The Housing Authority maintains comprehensive insurance coverage with private carriers for health real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. There was no significant reduction in coverages and no settlements exceeded insurance coverage during the past three years.

NOTE 8 - CONTINGENCIES

Litigation and Claims

In the normal course of operations, the Authority may be subject to litigation and claims. At December 31, 2001 the Authority was involved in no matters which management believes would have a material effect on the financial statements.

NOTE 9 - RECLASSIFICATIONS

Based on REAC's guidelines, the following reclassifications were recorded for the period ending December 31, 2001.

Accrual for Compensated Absences - allocated between current liability and long term liability

Equity:	<u>Cont Cap</u>	<u>Ret Earn</u>	<u>Total</u>
Beginning Balance at 12/31/00	\$ 10,700,887	\$ 1,525,881	\$ 12,226,768
Reclassifications, transfers	(1,126,464)	1,126,464	
Depreciation Adjustment		132,504	132,504
REAC Adjustments		44,058	44,058
Current Year Loss		(254,132)	(254,132)
Ending Balance at 12/31/01	<u>\$ 9,574,423</u>	<u>\$ 2,574,775</u>	<u>\$ 12,149,198</u>

PORTAGE METROPOLITAN HOUSING AUTHORITY
RAVENNA, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2001

NOTE 10 - LONG TERM DEBT

Long-term debt for Portage Metropolitan Housing Authority's business activities consists of the following:

Note Payable dated November 1997 in the amount of \$540,000, due in November 2012; Interest rate 6.5% with a monthly payment of principal and interest of \$4,703.98. The note proceeds were used to purchase 27 multi family rental units. \$ 439,466

Bond Payable dated December 1995 in the amount of \$300,000, due in November 2005; Interest rate 5.75% with an annual principal payment of \$30,000 plus interest due November 15 of each year. Proceeds of the bond were used to construct the Portage Metropolitan Housing Authority's administrative offices. 120,000

Total Long Term Debt	559,466
Current Portion of Debt	58,790
Long Term Debt net of current portion	\$ 500,676

Maturities of the debt over the next five years are as follows:

	Note Payable	Bond Payable	Total
2002	\$ 28,661	\$ 30,000	\$ 58,661
2003	30,580	30,000	60,580
2004	32,628	30,000	62,628
2005	34,814	30,000	64,814
2006	36,914		36,914
Thereafter	275,869	-	275,869
	\$ 439,466	\$ 120,000	\$ 559,466

NOTE 11 - MOVE TO WORK PROGRAM

In early 1999, Portage Metropolitan Housing Authority was designated by HUD as a participant in the Moving to Work Demonstration Program (MTW). The MTW program goal is to enhance the self-sufficiency of housing participants and improve efficiency of administering HUD housing programs. To accomplish this, the MTW housing authorities are permitted for 5 years to: evaluate and modify HUD regulations, redesign programs to meet local housing needs and conditions, and shift funds between different programs. MTW program features were phased in beginning June, 1999, thus program rules and funding changes affected the second half of the 1999 fiscal year.

One MTW feature affecting the Section 8 program was the phased-in conversion of certificates and vouchers to HOPES Vouchers. The funding cited for the Section 8 activities under the new MTW program is noted as "MTW Section 8 housing assistance". As a result of MTW participation, HUD provided Portage Metropolitan Housing Authority with a lump sum payment of Section 8 reserve funding for 2 months. Other than this exception, Section 8 funding level did not change as a result of participation in MTW. MTW funding is identified separately in this schedule, as two sets of budgets and year-end statements had to be prepared by Portage Metropolitan Housing Authority in order to document activity for the months of the year covered by MTW changes, as well as for the earlier months prior to MTW implementation. MTW activity was reported under the Business Activities column in the following FDS schedule.

PORTAGE METROPOLITAN HOUSING AUTHORITY
RAVENNA, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2001

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures For The Year Ended</u>
<u>U.S. Department of Housing and Urban Development</u>		
Direct Programs:		
Low Rent Public Housing Program	14.850	\$ 511,368
Tenant Opportunities Program	14.853	30,601
Comprehensive Grant Program	14.859	440,766
Capital Fund	14.872	215,802
Drug Elimination Program	14.854	47,463
Section 8 Tenant Based :		
Section 8 Housing Choice Voucher Program	14.871	141,242
Section 8 New Construction	14.182	457,937
Section 8 Mod Rehab	14.856	1,147,800
Move to Work Program	*	4,803,942
Move to Work Program - TA Grant	*	40,584
Economic Development & Supportive Services	14.864	50,082
Resident Opportunity and Supportive Services	14.870	<u>34,948</u>
 Total Federal Assistance		 <u>\$ 7,922,535</u>

* CFDA # not available for these programs

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

See Independent Auditors' Report

PORTAGE METROPOLITAN HOUSING AUTHORITY
Supplemental Financial Data Schedule
Balance Sheet
As of December 31, 2001

ASSETS	Low Rent Program	Housing Vouchers	New Construction	Section 8 Mod Rehab 1	Section 8 Mod Rehab 2
Current Assets	<u>14,850</u>	<u>14,871</u>	<u>14,182</u>	<u>14,856</u>	<u>14,856</u>
Cash-unrestricted	\$ 59,455	\$ 11,634	\$ 38,835	\$ 11,924	\$ 40,242
Cash-other restricted					
Cash-tenant security deposits	<u>14,172</u>				
Total cash	<u>73,627</u>	<u>11,634</u>	<u>38,835</u>	<u>11,924</u>	<u>40,242</u>
Accounts and notes receivables					
Accounts receivable-PHA projects	26,777				
Accounts receivable-HUD other projects		35,943	4,968	6,711	
Accounts receivable-miscellaneous					
Accounts receivable-tenants-dwelling rent	20,544				
Allowance for doubtful accounts-dwelling rent	(8,646)				
Accrued interest receivable	<u>30,917</u>				
Total receivables, net of allow. for uncoll.	<u>69,592</u>	<u>35,943</u>	<u>4,968</u>	<u>6,711</u>	<u>-</u>
Current Investments					
Investments-Unrestricted	651,776	17,124	130,336	17,551	59,235
Investments-Restricted	118,294				
Prepaid expenses and other assets	11,490	38	125	38	130
Inventories	97,562				
Interprogram due from	<u>3,299</u>	<u>411</u>	<u>1,372</u>	<u>421</u>	<u>1,422</u>
Total investments	<u>882,421</u>	<u>17,573</u>	<u>131,833</u>	<u>18,010</u>	<u>60,787</u>
Total current assets	<u>1,025,640</u>	<u>65,150</u>	<u>175,636</u>	<u>36,645</u>	<u>101,029</u>
Noncurrent assets					
Land	1,521,821				
Buildings	15,382,655				
Furniture, equipment and machinery-dwelling	121,089				
Furniture, equipment and machinery-admin.	452,647	1,040		1,065	3,596
Accumulated depreciation	<u>(7,905,905)</u>	<u>(872)</u>		<u>(893)</u>	<u>(3,016)</u>
Total fixed assets, net of accum. depreciation	<u>9,572,307</u>	<u>168</u>	<u>-</u>	<u>172</u>	<u>580</u>
Total assets	<u>\$ 10,597,947</u>	<u>\$ 65,318</u>	<u>\$ 175,636</u>	<u>\$ 36,817</u>	<u>\$ 101,609</u>

PORTAGE METROPOLITAN HOUSING AUTHORITY
Supplemental Financial Data Schedule
Balance Sheet
As of December 31, 2001

ASSETS	Section 8 Mod Rehab 3 <u>14,856</u>	Business Activities	State/Local	Other Federal Program	<u>TOTAL</u>
Current Assets					
Cash-unrestricted	\$ 49,682	\$ 97,977	\$ 32,512	\$ 466,514	\$ 808,775
Cash-other restricted		3,906		28,273	32,179
Cash-tenant security deposits					<u>14,172</u>
Total cash	<u>49,682</u>	<u>101,883</u>	<u>32,512</u>	<u>494,787</u>	<u>855,126</u>
Accounts and notes receivables					
Accounts receivable-PHA projects					26,777
Accounts receivable-HUD other projects	31,083				78,705
Accounts receivable-miscellaneous			1,005		1,005
Accounts receivable-tenants-dwelling rent		2,962			23,506
Allowance for doubtful accounts-dwelling rent		(2,666)			(11,312)
Accrued interest receivable				44,257	75,174
Total receivables, net of allow. for uncoll.	<u>31,083</u>	<u>296</u>	<u>1,005</u>	<u>44,257</u>	<u>193,855</u>
Current Investments					
Investments-Unrestricted	73,130		278,936	1,686,688	2,914,776
Investments-Restricted				115,814	234,108
Prepaid expenses and other assets	160	647		1,507	14,135
Inventories					97,562
Interprogram due from	1,756	11,684		16,483	36,848
Total investments	<u>75,046</u>	<u>12,331</u>	<u>278,936</u>	<u>1,820,492</u>	<u>3,297,429</u>
Total current assets	<u>155,811</u>	<u>114,510</u>	<u>312,453</u>	<u>2,359,536</u>	<u>4,346,410</u>
Noncurrent assets					
Land		19,187	100,713		1,641,721
Buildings		979,925	201,707		16,564,287
Furniture, equipment and machinery-dwelling					121,089
Furniture, equipment and machinery-admin.	4,439		2,361	41,686	506,834
Accumulated depreciation	(3,724)	(250,227)	(59,781)	(34,965)	(8,259,383)
Total fixed assets, net of accum. depreciation	<u>715</u>	<u>748,885</u>	<u>245,000</u>	<u>6,721</u>	<u>10,574,548</u>
Total assets	<u>\$ 156,526</u>	<u>\$ 863,395</u>	<u>\$ 557,453</u>	<u>\$ 2,366,257</u>	<u>\$ 14,920,958</u>

PORTAGE METROPOLITAN HOUSING AUTHORITY

Supplemental Financial Data Schedule

Balance Sheet

As of December 31, 2001

LIABILITIES AND EQUITY	Low Rent Program <u>14,850</u>	Housing Vouchers <u>14,871</u>	New Construction <u>14,182</u>	Section 8 Mod Rehab 1 <u>14,856</u>	Section 8 Mod Rehab 2 <u>14,856</u>
Current liabilities					
Accounts payable< 90 days	\$ 27,867	\$ 144	\$ 481		498
Accounts payable>90 days past due					
Accrued wages/payroll taxes payable	5,389	163	544	121	564
Accrued compensated absences-current	29,113	1,044	3,485	1,070	3,611
Accrued Interest Payable					
Accounts payable-HUD PHA Program					39,407
Accounts payable-other government	39,851				
Tenant Security Deposits	53,748				
Deferred Revenues	197				
Current Portion of LT Debt-Capital Projects					
Accrued liabilities-other		912	3,044	934	3,154
Interprogram Due To	<u>13,108</u>				
Total current liabilities	<u>169,273</u>	<u>2,263</u>	<u>7,554</u>	<u>2,125</u>	<u>47,234</u>
Non-current liabilities					
Long Term Debt, net of current-Capital Projects					
Noncurrent Liabilities-other					
Total non-current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>169,273</u>	<u>2,263</u>	<u>7,554</u>	<u>2,125</u>	<u>47,234</u>
Equity					
Net HUD PHA contributions	9,572,307				
Other Contributions	430	34		35	117
Undesignated fund balance/retained earnings	<u>855,937</u>	<u>63,021</u>	<u>168,082</u>	<u>34,657</u>	<u>54,258</u>
Total equity	<u>10,428,674</u>	<u>63,055</u>	<u>168,082</u>	<u>34,692</u>	<u>54,375</u>
Total liabilities & equity	<u>\$ 10,597,947</u>	<u>\$ 65,318</u>	<u>\$ 175,636</u>	<u>\$ 36,817</u>	<u>\$ 101,609</u>

PORTAGE METROPOLITAN HOUSING AUTHORITY

Supplemental Financial Data Schedule

Balance Sheet

As of December 31, 2001

LIABILITIES AND EQUITY	Section 8 Mod Rehab 3	Business Activities	State/Local	Other Federal Program	TOTAL
Current liabilities	<u>14,856</u>	<u>Activities</u>	<u>State/Local</u>	<u>Program</u>	<u>TOTAL</u>
Accounts payable< 90 days	615			5,776	\$ 35,381
Accounts payable>90 days past due				22,890	22,890
Accrued wages/payroll taxes payable	696	649		6,535	14,661
Accrued compensated absences-current	4,459	1,655	614	41,865	86,916
Accrued Interest Payable		34,558			34,558
Accounts payable-HUD PHA Program					39,407
Accounts payable-other government					39,851
Tenant Security Deposits		4,289			58,037
Deferred Revenues					197
Current Portion of LT Debt-Capital Projects		58,790			58,790
Accrued liabilities-other	3,894		83	36,566	48,587
Interprogram Due To		21,778	1,962		36,848
Total current liabilities	<u>9,664</u>	<u>121,719</u>	<u>2,659</u>	<u>113,632</u>	<u>476,123</u>
Non-current liabilities					
Long Term Debt, net of current-Capital Projects		500,676			500,676
Noncurrent Liabilities-other				1,794,961	1,794,961
Total non-current liabilities	<u>-</u>	<u>500,676</u>	<u>-</u>	<u>1,794,961</u>	<u>2,295,637</u>
Total Liabilities	<u>9,664</u>	<u>622,395</u>	<u>2,659</u>	<u>1,908,593</u>	<u>2,771,760</u>
Equity					
Net HUD PHA contributions					9,572,307
Other Contributions	144			1,356	2,116
Undesignated fund balance/retained earnings	146,718	241,000	554,794	456,308	2,574,775
Total equity	<u>146,862</u>	<u>241,000</u>	<u>554,794</u>	<u>457,664</u>	<u>12,149,198</u>
Total liabilities & equity	<u>\$ 156,526</u>	<u>\$ 863,395</u>	<u>\$ 557,453</u>	<u>\$ 2,366,257</u>	<u>\$ 14,920,958</u>

PORTAGE METROPOLITAN HOUSING AUTHORITY
RAVENNA, OHIO
SCHEDULE OF REVENUE AND EXPENSE BY PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 2001

	Low Rent Program	Tenant Opportunities Program	Drug Elimination Program	EDSS Program	Comp Grant Program	Supportive Services Program	Capital Fund Program	Housing Choice Vouchers
HUD Grants	\$ 511,368	\$ 30,601	\$ 47,463	\$ 50,082	\$ 440,766	\$ 34,948	\$ 215,802	\$ 141,242
Rental Income	630,318							
Investment Income-Unrestricted	41,500							2,081
Other Revenue	21,149							
Investment Income-Restricted	3,415							
Total Revenue	1,207,750	30,601	47,463	50,082	440,766	34,948	215,802	143,323
EXPENSES								
Housing Assistance Payments								120,655
Administrative Salaries	157,492		3,798	38,594	33,774	2,602	67,515	7,833
Employee Benefits	133,720		6,053	6,422	13,531	4,827	20,508	2,870
Compensated Absences								143
Other Administrative Expense	44,582				502		2,276	1,877
Tenant Services-Salaries	4,061	30,601			36,388	2,000	7,065	
Tenant Services-other	237,811							
Material and Labor-Maintenance	89,459				338,997		117,402	641
Contract Services								
Protective Services-Labor			10,572					
Protective Services-Other			13,523		17,559		908	
Utilities	228,748							
General Expenses	34,105		59	5,066	15	46	128	111
Payments in Lieu of Taxes	40,157							
Bad Debt- Tenant Rents	12,625							
Interest Expense								
Total Expenses	982,760	30,601	47,463	50,082	440,766	34,948	215,802	134,130
Income (Loss) before Depreciation & Other Costs	224,990	-	-	-	-	-	-	9,193
Depreciation	574,514							263
Extraordinary Maintenance	25,433							
Operating Income (Loss)	\$ (374,957)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,930

See Independent Auditors' Report
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PORTAGE METROPOLITAN HOUSING AUTHORITY
RAVENNA, OHIO
SCHEDULE OF REVENUE AND EXPENSE BY PROGRAM, continued
FOR THE YEAR ENDED DECEMBER 31, 2001

	Section 8					Business Activities	Other		TOTAL
	Section 8 New Construction	Section 8 Mod Rehab 1 14.856	Section 8 Mod Rehab 2 14.856	Section 8 Mod Rehab 3 14.856	Section 8 Mod Rehab 3 14.856		State/Local	Program 1	
HUD Grants	\$ 457,937	\$ 125,166	\$ 479,527	\$ 543,107	\$ 159,521	\$ 4,803,942	\$ 40,584	\$ 7,922,535	
Rental Income								789,839	
Investment Income-Unrestricted	6,223	2,133	7,198	8,886	2,353	83,442		169,757	
Other Revenue					58,882	26		88,564	
Investment Income-Restricted								3,415	
Total Revenue	464,160	127,299	486,725	551,993	220,756	4,887,410	40,584	8,974,110	
EXPENSES									
Housing Assistance Payments	433,171	119,863	435,123	488,287	10,472	4,299,976		5,897,075	
Administrative Salaries	2,624	8,028	27,096	33,452	10,472	314,115	30,333	749,074	
Employee Benefits	767	2,941	9,927	12,255	6,693	115,076	10,194	350,454	
Compensated Absences		147	495	611	302	5,734		7,432	
Other Administrative Expense	500	1,923	6,493	8,016	3,422	75,273		148,390	
Tenant Services-Salaries								25,473	
Tenant Services-other								93,573	
Material and Labor-Maintenance			2,219	2,739	17,352	25,722		285,843	
Contract Services		657			10,749			557,905	
Protective Services-Labor								10,572	
Protective Services-Other								31,990	
Utilities					32,449			261,197	
General Expenses	5	114	385	475	3,758	4,463	57	48,857	
Payments in Lieu of Taxes					2,760			42,917	
Bad Debt- Tenant Rents					2,359			14,984	
Interest Expense					36,714			36,714	
Total Expenses	437,067	133,673	481,738	545,835	126,728	4,840,359	40,584	8,562,450	
Income (Loss) before Depreciation & Other Costs	27,093	(6,374)	4,987	6,158	94,028	47,051	-	411,660	
Depreciation		269	909	1,122	41,606	10,540		637,759	
Extraordinary Maintenance					2,600			28,033	
Operating Income (Loss)	\$ 27,093	\$ (6,643)	\$ 4,078	\$ 5,036	\$ 49,822	\$ 36,511	\$ -	\$ (254,132)	

See Independent Auditors' Report

PORTAGE METROPOLITAN HOUSING AUTHORITY
RAVENNA, OHIO
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2001

The PHA had 1,544 units under management.

<u>Management</u>	<u>Units</u>
Low Rent Public Housing Program	299
Section 8 Housing Vouchers Program	23
Section 8 Housing New Construction Program	78
Section 8 Moderate Rehab	205
Move To Work Program	939
TOTAL	<u>1,544</u>

REPORT ON PRIOR YEAR AUDIT FINDINGS

THERE WERE NO PRIOR YEAR AUDIT FINDINGS

See Independent Auditors' Report

PORTAGE METROPOLITAN HOUSING AUTHORITY
RAVENNA, OHIO

ACTUAL COMPREHENSIVE GRANT COST CERTIFICATION

At December 31, 2001

1. The Actual Comprehensive Grant Costs are as follows:

	<u>Project OH12-706-98</u>
Funds Approved	\$ 512,342
Funds Expended	<u>512,342</u>
Excess (Deficiency) of Funds Approved	<u>\$ -</u>
Funds Advanced	\$ 512,342
Funds Expended	<u>512,342</u>
Excess (Deficiency) of Funds Advanced	<u>\$ -</u>

2. The Distribution of Costs as shown on the Schedule/Report of Comprehensive Grant Expenditures submitted to HUD for approval are in agreement with the Authority's records.
3. All Comprehensive Grant Costs have been paid and all related liabilities have been discharged through payment

See Independent Auditors' Report

PORTAGE METROPOLITAN HOUSING AUTHORITY
RAVENNA, OHIO

ACTUAL DRUG ELIMINATION GRANT/EDSS COST CERTIFICATION

At December 31, 2001

I. The Actual Drug Elimination Grant/EDSS Costs are as follows:

	<u>Project OH12-901-99</u>	<u>EDSS Project OH12-98</u>
Funds Approved	\$ 67,082	\$ 76,250
Funds Expended	<u>67,082</u>	<u>76,250</u>
Excess (Deficiency) of Funds Approved	<u>\$ -</u>	<u>\$ -</u>
Funds Advanced	\$ 67,082	\$ 76,250
Funds Expended	<u>67,082</u>	<u>76,250</u>
Excess (Deficiency) of Funds Advanced	<u>\$ -</u>	<u>\$ -</u>

2. The Distribution of Costs as shown on the Schedule/Report of Drug Elimination Grant/EDSS expenditures submitted to HUD for approval are in agreement with the Authority's records.
3. All Drug Elimination Grant/EDSS Costs have been paid and all related liabilities have been discharged through payment

See Independent Auditors' Report

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12 East Main Street
Lexington, Ohio 44904*

*Member AICPA
Member OSCP*

*John E. Slaybaugh 111
Certified Public Accountant*

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

Board of Commissioners
Portage Metropolitan Housing Authority
Ravenna, Ohio

We have audited the financial statements of Portage Metropolitan Housing Authority, Ravenna, Ohio, as of and for the year ended December 31, 2001, and have issued our report thereon dated June 12, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Portage Metropolitan Housing Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Portage Metropolitan Housing Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the management and the Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.

J.E. Slaybaugh & Associates, Inc.
J.E. Slaybaugh & Associates, Inc.
June 12, 2002

*J. E. Slaybaugh & Associates, Inc.
12 East Main Street
Lexington, Ohio 44904*

*Member AICPA
Member OSCP*

*John E. Slaybaugh 111
Certified Public Accountant*

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
Portage Metropolitan Housing Authority
Ravenna, Ohio

Compliance

We have audited the compliance of Portage Metropolitan Housing Authority with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2001. Portage 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 each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on Portage Metropolitan Housing Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the provisions of the *Public and Indian Housing Compliance Supplement*, PIH Notice 97-30. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Portage Metropolitan Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Portage Metropolitan Housing Authority's compliance with those requirements.

In our opinion, Portage Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2001.

Internal Control Over Compliance

The management of Portage Metropolitan Housing Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

This report is intended for the information and use of management and the Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.



J.E. Slaybaugh & Associates, Inc.

June 12, 2002

PORTAGE METROPOLITAN HOUSING AUTHORITY
RAVENNA, OHIO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

DECEMBER 31, 2001

PART I - SUMMARY OF AUDITOR'S RESULTS

1. The auditor has issued an unqualified opinion on the financial statements of Portage Metropolitan Housing Authority.
2. There were no reportable conditions in internal control disclosed by the audit of the financial statements.
3. There was no noncompliance material to the financial statements disclosed by the audit.
4. There were no reportable conditions in the internal control over major programs disclosed by the audit.
5. The auditor has issued an unqualified opinion on compliance for major programs for Portage Metropolitan Housing Authority.
6. The audit disclosed no audit findings.
7. The major programs are:
 - Low Rent Public Housing Program
 - Cluster- Project Based Section 8 Programs
 - Comprehensive Grant Program
 - Move To Work Program
8. The dollar threshold used to distinguish between Type A and Type B programs was \$ 300,000.
9. The auditor determined that Portage Metropolitan Housing Authority qualified as a low-risk auditee.

PART II - FINDINGS RELATED TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED
TO BE REPORTED IN ACCORDANCE WITH *GAGAS*

1. None

PART III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS INCLUDING AUDIT FINDINGS

1. None



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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PORTAGE METROPOLITAN HOUSING AUTHORITY

PORTAGE 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
SEPTEMBER 3, 2002**