

Erie Metropolitan Housing Authority
General Purpose Financial Statements
For the Year Ended June 30, 2002



**Auditor of State
Betty Montgomery**

Board of Directors
Erie Metropolitan Housing Authority
322 Warren Street
Sandusky, OH 44870-2265

We have reviewed the Independent Auditor's Report of the Erie Metropolitan Housing Authority, Erie County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period July 1, 2001 through June 30, 2002. 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 Erie Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

April 29, 2003

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ERIE METROPOLITAN HOUSING AUTHORITY
AUDIT REPORT
FOR THE YEAR ENDED JUNE 30,2002

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SALVATORE CONSIGLIO, CPA, INC. E-mail: sconsiglio@aol.com

Independent Auditors' Report

Board of Directors
Erie Metropolitan Housing Authority

Regional Inspector General of Audit
Department of Housing and Urban
Development

I have audited the accompanying general purpose financial statements of Erie Metropolitan Housing Authority, Ohio, as of and for the year ended June 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the Erie Metropolitan Housing Authority, Ohio, management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with 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 I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 general purpose financial statements referred to above present fairly, in all material respects, the financial position of Erie Metropolitan Housing Authority, Ohio, as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund for the year then ended in conformity with accounting principles generally accepted in the United State of America.

Member of American Institute of Certified Public Accountants
Ohio Society of Certified Public Accountants

In accordance with *Government Auditing Standards*, I have also issued a report dated February 11, 2003, on my consideration of Erie Metropolitan Housing Authority, Ohio'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 result of our audit.

My Audit was performed for the purpose of forming and opinion on the general purpose financial statements taken as a whole. The schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Erie Metropolitan Housing Authority, Ohio. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government and Non-Profit Organizations* and is not a required part of the general purpose financial statements. The combining financial data schedule ("FDS") and the PHA's statements and certification of actual modernization costs are presented for purposes additional analysis as required by the Department of Housing and Urban Development and are not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respect in relation to the basic financial statements taken as a whole.



Salvatore Consiglio, CPA, Inc.
February 11, 2003

Erie Metropolitan Housing Authority
 Combined Balance Sheet
 Proprietary Fund Type
 Discretely Presented Component Unit
 June 30, 2002

	<i><u>Enterprise Fund</u></i>	<i><u>Component Units</u></i>	<i><u>Total (Memo Only)</u></i>
ASSETS:			
Cash and Cash Equivalents	\$308,807	\$34,058	\$342,865
Restricted Investments	109,283	0	109,283
Investments	705,578	0	705,578
Receivables, Net of Allowance	92,141	104,765	196,906
Inventories, Net of Allowance	48,924	11,249	60,173
Prepaid Expenses and Other Assets	39,725	0	39,725
Interprogram Due From Other Entities	2,466	0	2,466
Total Current Assets	1,306,924	150,072	1,456,996
Noncurrent Assets			
Fixed Assets - Net of Accum. Depreciation	6,370,156	20,695	6,390,851
Other Noncurrent Assets	30,600	0	30,600
Total Noncurrent Assets	6,400,756	20,695	6,421,451
TOTAL ASSETS	\$7,707,680	\$170,767	\$7,878,447
<u>LIABILITIES & EQUITY</u>			
LIABILITIES:			
Accounts Payable	\$123,108	\$11,949	\$135,057
Accrued Liabilities	111,982	2,427	114,409
Intergovernmental Payables	20,896	0	20,896
Tenant Security Deposits	24,640	0	24,640
Deferred Revenue	2,220	0	2,220
Other Current Liabilities	35,629	0	35,629
Interprogram Due To Other Entities	0	2,466	2,466
Total Current Liabilities	318,475	16,842	335,317
Non Current Liabilities			
Accrued Compensated Absences - Non-current	49,409	6,455	55,864
Total Noncurrent Liabilities	49,409	6,455	55,864
TOTAL LIABILITIES	367,884	23,297	391,181

The accompanying notes to the general purpose financial statements are an integral part of these statements.

Erie Metropolitan Housing Authority
 Combined Balance Sheet
 Proprietary Fund Type
 Discretely Presented Component Unit
 June 30, 2002

LIABILITIES & EQUITY (CONTINUED)

	<i><u>Enterprise Fund</u></i>	<i><u>Component Units</u></i>	<i><u>Total (Memo Only)</u></i>
EQUITY:			
Total Contributed Capital	6,111,741	13,208	6,124,949
Retained Earning	<u>1,228,055</u>	<u>134,262</u>	<u>1,362,317</u>
TOTAL EQUITY	<u>7,339,796</u>	<u>147,470</u>	<u>7,487,266</u>
 TOTAL LIABILITIES AND EQUITY	 <u><u>\$7,707,680</u></u>	 <u><u>\$170,767</u></u>	 <u><u>\$7,878,447</u></u>

The accompanying notes to the general purpose financial statements are an integral part of these statements.

Erie Metropolitan Housing Authority
 Combined Statement of Revenue, Expenses and Change in Equity
 Proprietary Fund Type
 Discretely Presented Component Unit
 For the Year Ended June 30, 2002

	<i>Enterprise Fund</i>	<i>Component Units</i>	<i>Total (Memo Only)</i>
REVENUES			
Tenant Rental Revenue	\$330,641	\$0	\$330,641
Tenant Revenue – Other	24,813	0	24,813
Grant Revenue	6,576,082	0	6,576,082
Investment Income – Unrestricted	27,074	1,932	29,006
Investment Income – Restricted	579	0	579
Other Revenue	380,360	460,174	840,534
	7,339,549	462,106	7,801,655
EXPENSES			
Administrative	1,086,967	230,708	1,317,675
Tenant Services	23,505	0	23,505
Utilities	205,829	0	205,829
Maintenance	772,372	250,277	1,022,649
General	115,418	95,447	210,865
Housing Assistance Payment	4,355,650	0	4,355,650
Other Operating Expenses	500	0	500
Depreciation	511,556	7,240	518,796
	7,071,797	583,672	7,655,469
EXCESS (DEFICIENCY) OF TOTAL REVENUE OVER (UNDER)			
TOTAL EXPENSES	267,752	(121,566)	146,186
Beginning Fund Equity	7,100,897	265,367	7,366,264
Prior Period Adjustments	(28,853)	3,669	(25,184)
	\$7,339,796	\$147,470	\$7,487,266
ENDING Fund Equity	\$7,339,796	\$147,470	\$7,487,266

The accompanying notes to the general purpose financial statements are an integral part of these statements.

Erie Metropolitan Housing Authority
 Combined Statement of Cash Flows
 Proprietary Fund Type
 Enterprise Fund
 For the Year Ended June 30, 2002

	<i><u>Enterprise Fund</u></i>	<i><u>Component Units</u></i>	<i><u>Total (Memo Only)</u></i>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Operating Income/(Loss)	\$267,752	(\$121,566)	\$146,186
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities			
- Depreciation	511,556	7,240	518,796
- (Increases) Decreases in Accounts Receivable	42,161	41,439	83,600
- Increases (Decreases) Accounts Payable	(565,019)	(6,012)	(571,031)
- (Increases) Decreases in Prepaid Expenses	(5,048)	0	(5,048)
- (Increases) Decreases in Inventory	(5,706)	(5,518)	(11,224)
- Loss on disposal of Assets	32,444	0	32,444
- Prior Period Adjustment	(2,913)	(3,669)	(6,582)
	<hr/>	<hr/>	<hr/>
Total Adjustments	7,475	33,480	40,955
	<hr/>	<hr/>	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	275,227	(88,086)	187,141
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment Transfer to Cash	19,848	53,963	73,811
Purchases of Assets	(809,960)	(340)	(810,300)
	<hr/>	<hr/>	<hr/>
NET CASH USED IN INVESTING ACTIVITIES	(790,112)	53,623	(736,489)
	<hr/>	<hr/>	<hr/>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(514,885)	(34,463)	(549,348)
	<hr/>	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	823,692	68,521	892,213
	<hr/>	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS - END OF YEAR	\$308,807	\$34,058	\$342,865
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes to the general purpose financial statements are an integral part of these statements.

ERIE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30,2002

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

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

Reporting Entity

The Erie Metropolitan Housing Authority was created under the Ohio Revised Code, Section 3735.27. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate.

The accompanying general purpose financial statements comply with the provision of Governmental Accounting Standards Board (GASB) Statement 14, the Financial Reporting Entity, in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

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

ERIE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30,2002
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The accompanying financial statements present the Authority's primary government and the Erie County Senior Center Gift Store, component unit, which the Authority exercises significant control.

Component Units

The component unit is reported in the Authority financial statements as shown below:

<u>Discretely Presented Component Unit</u>	<u>Brief Description and Relationship</u>
Erie County Senior Center Gift Store	The Housing Authority operates a gift store at the senior center.

Fund Accounting

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

Funds are classified into three categories: governmental, proprietary and fiduciary. The Authority uses the proprietary category for its programs.

Proprietary Fund Types

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

Enterprise Fund - This fund is used to account for the operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods

ERIE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30,2002
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Measurement Focus/Basis of Accounting

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

Investments

The provisions of the HUD Regulations restrict investments. Investments are valued at market value. Interest income earned in fiscal year ending June 30, 2002 totaled \$29,585.

Fixed Assets

Fixed assets are stated at cost and depreciation is computed using the straight line method over an estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized.

Cash and Cash Equivalents

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

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

ERIE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30,2002
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 absence 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.

In the proprietary fund, the compensated absences are expensed when earned with the amount reported as a fund liability.

Capital Contributions

This represents contributions made available by HUD with respect to all federally aided projects under an annual contribution contract.

Budgetary Accounting

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

Estimates

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

NOTE 2: CASH AND INVESTMENTS

Deposits – The PHA deposits are categorized to give an indication of the level of risk assumed by the PHA at fiscal year end. The categories are described as follows:

ERIE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30,2002
(CONTINUED)

NOTE 2: CASH AND INVESTMENTS (Continued)

Category 1 – Insured or collateralized with securities held by the PHA or by its agent in the PHA’s name.

Category 2 – Collateralized with securities held by the pledging financial institution’s trust department or agent in the PHA’s name.

Category 3 – Uncollateralized.

Deposits, categorized by level of risk, are:

<u>DESCRIPTION</u>	<u>BANK BALANCE</u>	<u>CATEGORY</u>			<u>CARRYING AMOUNT</u>
		<u>1</u>	<u>2</u>	<u>3</u>	
Cash and Cash					
Equivalents:					
Primary Government	\$457,218	\$457,218	\$0	\$0	\$308,807
Component Unit	34,058	34,058	0	0	34,058
Investments:					
Primary Government	815,548	815,548	0	0	814,861
Component Unit	0	0	0	0	0
Total Deposits	<u>\$1,306,824</u>	<u>\$1,306,824</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,157,726</u>

Investments - HUD Handbook 7475.1 Chapter 4, Section 1 authorizes the PHA to make investments in:

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

The PHA investments are categorized to give an indication of the level of risk assumed by the PHA at fiscal year end. The categories are described as follows:

Category 1 – Insured, registered, or securities held by the PHA or its agent in the PHA’s name.

ERIE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30,2002
(CONTINUED)

NOTE 2: CASH AND INVESTMENTS (Continued)

Category 2 – Uninsured and unregistered, with securities held by the counter party’s trust department or agent in the PHA’s name.

Category 3 – Uninsured and unregistered, with securities held by the counterparty, or its trust department or agent but not in the PHA’s name.

The PHA’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: NOTE TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

The accompanying Schedule of Federal Awards expenditures is a summary of the activity of the Authority’s federal awards programs. The schedule has been prepared on the accrual basis of accounting.

NOTE 4: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2002 the 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.

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

NOTE 5: FIXED ASSETS

The following is a summary:

	Primary Government	Component Unit	Total
Land	\$ 722,933	\$0	\$ 722,933
Buildings	11,634,554	0	11,634,554
Furniture and Equipment	538,013	119,152	657,165
Total Fixed Assets	12,895,500	119,152	13,014,652
Accumulated Depreciation	(6,525,344)	(98,457)	(6,623,801)
Net Fixed Assets	\$6,370,156	\$20,695	\$ 6,390,851

ERIE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30,2002
(CONTINUED)

NOTE 5: FIXED ASSETS(Continued)

The following is a summary of changes:

	Balance <u>06/30/01</u>	<u>Additions</u>	<u>Deletion</u>	Balance <u>06/30/02</u>
Land	\$726,381	\$0	(\$3,448)	\$722,933
Buildings	11,019,418	672,937	(57,801)	11,634,554
Furniture and Equipment	549,641	137,363	(29,839)	657,165
Total Fixed Assets	<u>\$12,295,440</u>	<u>\$810,300</u>	<u>(\$91,088)</u>	<u>\$13,014,652</u>

The depreciation expense for the year ended June 30, 2002 was \$518,796.

**NOTE 6: DEFINED BENEFIT PENSION PLANS -PUBLIC EMPLOYEES
RETIREMENT SYSTEM**

All employees participate in the Public Employees Retirement System of Ohio (PERS), a cost sharing multiple employer public employee retirement system administered by the Public Employee Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code establishes benefits. PERS issues a stand-alone financial report, which may be obtained by writing to the Public Employee 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. The employer contribution rate was 13.55 percent of covered payroll. The Authority's required contributions to PERS for the years ended June 30, 2002, 2001 and 2000 were \$134,854, \$106,997, and \$138,100, respectively. The full amount has been contributed for 2001 and 2000. Ninety-three percent has been contributed for 2002, with the remainder being reported as a liability with the enterprise fund.

**NOTE 7: POSTEMPLOYMENT BENEFITS PUBLIC EMPLOYEES
RETIREMENT SYSTEM**

The Public Retirement System of Ohio (PERS) provides post-retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health coverage for disability recipients is available. The health care coverage provided by the retirement

ERIE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30,2002
(CONTINUED)

**NOTE 7: POSTEMPLOYMENT BENEFITS PUBLIC EMPLOYEES
RETIREMENT SYSTEM** (Continued)

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 based on authority granted by State statute. The Ohio Revised Code provides the statutory authority requiring public employers to fund pension and post retirement health cares through their contributions to PERS. The portion of employer contributions rate used to fund health care for 2002 and 2001 was 4.3 percent of cover payroll.

The significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 2000, 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 for inflation (assuming no change in the number of active employees) and an additional increase in total payroll of between .54 percent and 5.1 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.75 percent annually.

All investments are carried at market. 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.

Benefits are advance-funded using the entry age normal cost method. The number of active contributing participants was 411,076. The actuarial value of PERS of Ohio net assets available for OPEB at December 31, 2000 was \$11,735.9 million. The actuarially accrued liability and the unfounded actuarial accrued liability, based on the actuarial cost method used, were \$14,364.6 million and \$2,628.7 million, respectively.

NOTE 8: PRIOR PERIOD ADJUSTMENT

A prior period adjustment of \$25,184 was necessary to properly state beginning equity balance. The adjustment was as follows:

- Adjustment to properly state a beginning receivable from HUD of \$30,223
- Adjustment to properly state the beginning allowance for doubtful account of \$1,441.
- Adjustment to properly state intergovernmental due to / from of (\$6,480).

Erie Metropolitan Housing Authority
Combining Balance Sheet
FDS Schedule Submitted To REAC
Proprietary Fund Type – Enterprise Fund
June 30, 2002

Line Item No	Account Description	Business Activities	Low Rent Public Housing	Public Housing_ Compreh. Grant Program	Section 8 Rental Certificate Program	Housing Choice Vouchers	Public Housing Capital Fund Program	Component Units	Special Programs for the Aging Title III - B Grants	Special Programs for the Aging Title III - C Grant	Total
ASSETS:											
CURRENT ASSETS:											
111	Cash - Unrestricted	\$570	\$3,007	\$0	\$0	\$261,300	\$0	\$34,058	\$0	\$12,539	\$311,474
113	Cash - Other Restricted	0	0	0	0	0	0	0	4,703	0	4,703
114	Cash - Tenant Security Deposits	0	26,688	0	0	0	0	0	0	0	26,688
100	Total Cash	570	29,695	0	0	261,300	0	34,058	4,703	12,539	342,865
121	Accounts Receivable - PHA Projects	0	0	0	0	0	13,673	0	0	0	13,673
124	Accounts Receivable - Other Government	0	0	0	0	3,112	0	0	4,156	41,304	48,572
125	Accounts Receivable - Miscellaneous	800	672	0	0	0	0	104,765	0	13,521	119,758
126	Accounts Receivable - Tenants - Dwelling Rents	0	26,060	0	0	0	0	0	0	0	26,060
126.1	Allowance for Doubtful Accounts - Dwelling Rents	0	(15,889)	0	0	0	0	0	0	0	(15,889)
128	Fraud Recovery	0	0	0	0	56,685	0	0	0	0	56,685
128.1	Allowance for Doubtful Accounts - Fraud	0	0	0	0	(55,268)	0	0	0	0	(55,268)
129	Accrued Interest Receivable	0	3,315	0	0	0	0	0	0	0	3,315
120	Total Receivables, net of allowances for doubtful accounts	800	14,158	0	0	4,529	13,673	104,765	4,156	54,825	196,906
131	Investments - Unrestricted	0	705,578	0	0	0	0	0	0	0	705,578
132	Investments Restricted	0	14,792	0	0	94,491	0	0	0	0	109,283

Erie Metropolitan Housing Authority
Combining Balance Sheet
FDS Schedule Submitted To REAC
Proprietary Fund Type – Enterprise Fund
June 30, 2002

Line Item No	Account Description	Business Activities	Low Rent Public Housing	Public Housing_ Compreh. Grant Program	Section 8 Rental Certificate Program	Housing Choice Vouchers	Public Housing Capital Fund Program	Component Units	Special Programs for the Aging Title III - B Grants	Special Programs for the Aging Title III - C Grant	Total
142	Prepaid Expenses and Other Assets	0	34,007	0	0	5,718	0	0	0	0	39,725
143	Inventories	113	41,311	0	0	3,914	0	11,249	0	7,248	63,835
143.1	Allowance for Obsolete Inventories	0	(3,662)	0	0	0	0	0	0	0	(3,662)
144	Interprogram Due From	0	29,312	0	0	0	0	0	0	0	29,312
150	TOTAL CURRENT ASSETS	1,483	865,191	0	0	369,952	13,673	150,072	8,859	74,612	1,483,842
NONCURRENT ASSETS:											
Fixed Assets											
161	Land	0	722,933	0	0	0	0	0	0	0	722,933
162	Buildings	0	11,290,151	0	0	39,277	305,126	0	0	0	11,634,554
163	Furniture, Equipment & Machinery - Dwellings	0	49,806	0	0	0	66,591	0	0	0	116,397
164	Furniture, Equipment & Machinery - Administration	1,514	369,507	0	0	36,957	0	119,152	0	13,638	540,768
165	Leasehold Improvements	0	0	0	0	0	0	0	0	0	0
166	Accumulated Depreciation	(1,514)	(6,460,382)	0	0	(43,511)	(8,590)	(98,457)	0	(11,347)	(6,623,801)
160	Total Fixed Assets, Net of Accumulated Depreciation	0	5,972,015	0	0	32,723	363,127	20,695	0	2,291	6,390,851
171	Notes, Loans, & Mortgages Receivable - Non Current	0	30,600	0	0	0	0	0	0	0	30,600
180	TOTAL NONCURRENT ASSETS	0	6,002,615	0	0	32,723	363,127	20,695	0	2,291	6,421,451
190	TOTAL ASSETS	\$1,483	\$6,867,806	\$0	\$0	\$402,675	\$376,800	\$170,767	\$8,859	\$76,903	\$7,905,293

Erie Metropolitan Housing Authority
Combining Balance Sheet
FDS Schedule Submitted To REAC
Proprietary Fund Type – Enterprise Fund
June 30, 2002

Line Item No	Account Description	Business Activities	Low Rent Public Housing	Public Housing_ Compreh. Grant Program	Section 8 Rental Certificate Program	Housing Choice Vouchers	Public Housing Capital Fund Program	Component Units	Special Programs for the Aging Title III - B Grants	Special Programs for the Aging Title III - C Grant	Total
LIABILITIES & EQUITY:											
LIABILITY											
312	Accounts Payable <= 90 Days	\$122	\$53,909	\$0	\$0	\$1,156	\$0	\$11,949	\$3,469	\$64,452	\$135,057
321	Accrued Wage/Payroll Taxes Payable	0	4,208	0	0	0	0	0	0	0	4,208
322	Accrued Compensated Absences - Current Portion	93	6,946	0	0	2,015	0	2,427	936	3,293	15,710
331	Accounts Payable - HUD PHA Programs	0	0	0	0	8,308	0	0	0	0	8,308
333	Accounts Payable - Other Government	0	12,588	0	0	0	0	0	0	0	12,588
341	Tenant Security Deposits	0	24,640	0	0	0	0	0	0	0	24,640
342	Deferred Revenues	0	803	0	0	1,417	0	0	0	0	2,220
345	Other Current Liabilities	0	19,770	0	0	15,859	0	0	0	0	35,629
346	Accrued Liabilities - Other	0	0	0	0	94,491	0	0	0	0	94,491
347	Interprogram Due To	0	0	0	0	10,040	13,673	2,466	1,498	1,635	29,312
310	Total Current Liabilities	215	122,864	0	0	133,286	13,673	16,842	5,903	69,380	362,163
354	Accrued Compensated Absences - Non Current	807	20,080	0	0	18,043	0	6,455	2,956	7,523	55,864
350	Total Noncurrent Liabilities	807	20,080	0	0	18,043	0	6,455	2,956	7,523	55,864
300	TOTAL LIABILITIES	1,022	142,944	0	0	151,329	13,673	23,297	8,859	76,903	418,027
504	Net HUD PHA Contribution	0	6,003,442	0	0	37,551	68,376	0	0	0	6,109,369
507	Other Contribution	0	0	0	0	0	0	13,208	0	2,372	15,580
512	Retained Earnings-Undesignated	461	721,420	0	0	213,795	294,751	134,262	0	(2,372)	1,362,317
513	TOTAL EQUITY/NET ASSETS	461	6,724,862	0	0	251,346	363,127	147,470	0	0	7,487,266
600	TOTAL LIABILITIES AND EQUITY	\$1,483	\$6,867,806	\$0	\$0	\$402,675	\$376,800	\$170,767	\$8,859	\$76,903	\$7,905,293

Erie Metropolitan Housing Authority
Combining Statement of Revenue, Expenses and Change in Equity
FDS Schedule Submitted To REAC
Proprietary Fund Type – Enterprise Fund
June 30, 2002

Line Item No	Account Description	Business Activities	Low Rent Public Housing	Public Housing_ Compreh. Grant Program	Section 8 Rental Certificate Program	Housing Choice Vouchers	Public Housing Capital Fund Program	Component Units	Special Programs for the Aging Title III - B Grants	Special Programs for the Aging Title III - C Grant	Total
REVENUE:											
703	Net Tenant Rental Revenue	\$0	\$330,641	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$330,641
704	Tenant Revenue - Other	0	24,813	0	0	0	0	0	0	0	24,813
705	Total Tenant Revenue	0	355,454	0	0	0	0	0	0	0	355,454
706	HUD PHA Operating Grants	0	737,075	0	0	4,897,804	56,517	0	0	0	5,691,396
706.1	Capital Grants	0	0	61,586	0	0	661,315	0	0	0	722,901
708	Other Government Grants	0	0	0	0	0	0	0	49,529	112,256	161,785
711	Investment Income - Unrestricted	166	20,815	0	0	5,546	0	1,932	65	482	29,006
713	Proceeds from Disposition of Assets Held for Sale	0	56,758	0	0	0	0	0	0	0	56,758
714	Fraud Recovery	0	0	0	0	429	0	0	0	0	429
715	Other Revenue	19,916	32,931	0	0	1,262	0	460,174	38,706	262,802	815,791
716	Gain/Loss on Sale of Fixed Assets	0	(32,444)	0	0	0	0	0	0	0	(32,444)
720	Investment Income - Restricted	0	1	0	0	578	0	0	0	0	579
700	TOTAL REVENUE	20,082	1,170,590	61,586	0	4,905,619	717,832	462,106	88,300	375,540	7,801,655
EXPENSES											
Administrative											
911	Administrative Salaries	8,365	169,560	0	0	290,656	30,486	169,155	48,587	119,486	836,295
912	Auditing Fees	157	1,474	0	0	5,809	0	206	197	197	8,040
915	Employee Benefit Contributions - Administrative	2,085	65,178	0	0	85,241	6,579	41,971	14,358	41,971	257,383
916	Other Operating - Administrative	3,562	60,371	0	0	117,935	6,900	19,376	5,293	2,520	215,957

Erie Metropolitan Housing Authority
Combining Statement of Revenue, Expenses and Change in Equity
FDS Schedule Submitted To REAC
Proprietary Fund Type – Enterprise Fund
June 30, 2002

Line Item No	Account Description	Business Activities	Low Rent Public Housing	Public Housing_ Compreh. Grant Program	Section 8 Rental Certificate Program	Housing Choice Vouchers	Public Housing Capital Fund Program	Component Units	Special Programs for the Aging Title III - B Grants	Special Programs for the Aging Title III - C Grant	Total
921	Tenant Services - Salaries	0	10,895	0	0	0	0	0	0	0	10,895
923	Employee Benefit Contributions - Tenant Services	0	3,732	0	0	0	0	0	0	0	3,732
924	Tenant Services - Other	0	7,960	0	0	918	0	0	0	0	8,878
	Utilities:										
931	Water	78	31,059	0	0	0	0	0	0	0	31,137
932	Electricity	18	102,012	0	0	0	0	0	0	0	102,030
933	Gas	0	72,662	0	0	0	0	0	0	0	72,662
	Ordinary Maintenance & Operations										
941	Ordinary Maintenance and Operations - Labor	0	158,751	0	0	0	0	0	0	0	158,751
942	Ordinary Maintenance and Operations - Materials and Other	967	45,948	0	0	0	0	218,666	15,941	188,468	469,990
943	Ordinary Maintenance and Operations - Contract Costs	19,925	207,296	0	0	45,238	12,552	31,611	5,115	20,967	342,704
945	Employee Benefit Contributions - Ordinary Maintenance	0	46,056	0	0	0	0	0	0	0	46,056
	General expenses:										
961	Insurance Premiums	19	48,469	0	0	12,197	0	9,679	0	1,973	72,337
962	Other General Expenses	2	1,345	0	0	1,417	0	85,768	0	0	88,532
963	Payments in Lieu of Taxes	0	12,588	0	0	0	0	0	0	0	12,588
964	Bad Debt - Tenant Rents	0	22,433	0	0	0	0	0	0	0	22,433
968	Severance Expense	72	4,115	0	0	10,341	0	0	0	447	14,975
969	TOTAL OPERATING EXPENSES	35,250	1,071,904	0	0	569,752	56,517	576,432	89,491	376,029	2,775,375

Erie Metropolitan Housing Authority
Combining Statement of Revenue, Expenses and Change in Equity
FDS Schedule Submitted To REAC
Proprietary Fund Type – Enterprise Fund
June 30, 2002

Line Item No	Account Description	Business Activities	Low Rent Public Housing	Public Housing_ Compreh. Grant Program	Section 8 Rental Certificate Program	Housing Choice Vouchers	Public Housing Capital Fund Program	Component Units	Special Programs for the Aging Title III - B Grants	Special Programs for the Aging Title III - C Grant	Total
970	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	(15,168)	98,686	61,586	0	4,335,867	661,315	(114,326)	(1,191)	(489)	5,026,280
971	Extraordinary Maintenance	0	5,148	0	0	0	0	0	0	0	5,148
972	Casualty Losses - Non- Capitalized	0	500	0	0	0	0	0	0	0	500
973	Housing Assistance Payments	0	0	0	0	4,355,650	0	0	0	0	4,355,650
974	Depreciation Expense	0	450,857	26,498	0	4,829	28,241	7,240	0	1,131	518,796
900	TOTAL EXPENSES	35,250	1,528,409	26,498	0	4,930,231	84,758	583,672	89,491	377,160	7,655,469
1000	EXCESS (DEFICIENCY) OF OPERATING REVENUE OVER (UNDER) EXPENSES	(15,168)	(357,819)	35,088	0	(24,612)	633,074	(121,566)	(1,191)	(1,620)	146,186
1102	Debt Principal Payments - Enterprise Funds	0	0	0	0	0	0	0	0	0	0
1103	Beginning Equity	13,689	6,209,911	531,023	300,208	(22,310)	68,376	265,367	0	0	7,366,264
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	1,940	872,770	(566,111)	(300,208)	298,268	(338,323)	3,669	1,191	1,620	(25,184)
	ENDING RETAINED EARNINGS	\$461	\$6,724,862	\$0	\$0	\$251,346	\$363,127	\$147,470	\$0	\$0	\$7,487,266

Erie Metropolitan Housing Authority
Combining Statement of Revenue, Expenses and Change in Equity
FDS Schedule Submitted To REAC
Proprietary Fund Type – Enterprise Fund
June 30, 2002

Line Item No	Account Description	Business Activities	Low Rent Public Housing	Public Housing_ Compreh. Grant Program	Section 8 Rental Certificate Program	Housing Choice Vouchers	Public Housing Capital Fund Program	Component Units	Special Programs for the Aging Title III - B Grants	Special Programs for the Aging Title III - C Grant	Total
MEMO ACCOUNT INFORMATION											
1113	Maximum Annual Contributions Commitment (Per ACC)	\$0	\$0	\$0	\$0	\$4,711,461	\$0	\$0	\$0	\$0	\$4,711,461
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	0	0	0	0	0	0	0	0	0	0
1115	Contingency Reserve, ACC Program Reserve	0	0	0	0	1,328,932	0	0	0	0	1,328,932
1116	Total Annual Contributions Available	\$0	\$0	\$0	\$0	\$6,040,393	\$0	\$0	\$0	\$0	\$6,040,393
1120	Unit Months Available	348	2,922	0	0	12,084	0	0	0	0	15,354
1121	Number of Unit Months Leased	348	2,912	0	0	11,894	0	0	0	0	15,154

Erie Metropolitan Housing Authority
PHA's Statement and Certification of Actual Modernization Cost
June 30, 2002

Comprehensive Improvement Assistance Program Grant Number OH12P028707-99

1. The Actual Modernization Costs are as follows:

Funds Approved	\$454,056
Funds Expended	<u>454,056</u>
Excess (Deficiency) of Funds Approved	<u><u>\$-0-</u></u>

2. All costs have been paid and there are no outstanding obligations.
3. The actual modernization cost certification was signed and filed on January 15, 2002.
4. The final costs on the certification agree to the Authority's records.

Erie Metropolitan Housing Authority
PHA's Statement and Certification of Actual Modernization Cost
June 30, 2002

Capital Fund Program Grant Number OH12P028501-00

1. The Actual Modernization Costs are as follows:

Funds Approved	\$455,630
Funds Expended	<u>455,630</u>
Excess (Deficiency) of Funds Approved	<u><u>\$-0-</u></u>

5. All costs have been paid and there are no outstanding obligations.
6. The actual modernization cost certification was signed and filed on February 27, 2002.
7. The final costs on the certification agree to the Authority's records.

Erie Metropolitan Housing Authority
Schedule of Expenditures Federal Award
For the Year Ended June 30, 2002

FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES	CFDA NUMBER	EXPENDITURES
U.S. Department of Housing and Urban Development Direct Program		
Low Rent Public Housing	14.850a	\$ 737,075
Public Housing – Comprehensive Grant Program	14.859	61,586
Housing Choice Voucher Program	14.871	4,897,804
Public Housing – Capital Fund Program	14.872	<u>717,832</u>
Total U.S. Department of Housing and Urban Development		<u>6,414,297</u>
U.S. Department of Health and Human Services Pass-Through Program From: Area Office on Aging of Northwestern Ohio, Inc.		
Aging Programs (Cluster)		
Special Program for the Aging – Title III, Part B Grants for Supportive Services and Senior Center	93.044	49,529
Special Programs for the Aging – Title III, Part C Nutrition Services	93.045	<u>112,256</u>
Total U.S. Department of Health and Human Services		<u>161,785</u>
Total Expenditure of Federal Award		<u>\$6,576,082</u>

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**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 Directors
Erie Metropolitan Housing Authority

Regional Inspector General of Audit
Department of Housing and Urban
Development

I have audited the general purpose financial statements of the Erie Metropolitan Housing Authority, Ohio, as of and for the year ended June 30, 2002, and have issued my report thereon dated February 11, 2003. I conducted my audit in accordance with auditing standards generally accepted in the United State 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 Erie Metropolitan Housing Authority, Ohio's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Erie Metropolitan Housing Authority, Ohio's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose 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

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weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal component does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation the financial statements being auditing 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 solely for the information and use of the board of directors, management, and federal awarding agencies and is not intended to be and should not be used by anyone other that these specified parties.



Salvatore Consiglio, CPA, Inc.

February 11, 2003

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

Board of Directors
Erie Metropolitan Housing Authority

Regional Inspector General of Audit
Department of Housing and Urban
Development

Compliance

I have audited the compliance of the Erie Metropolitan Housing Authority, Ohio, 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 June 30, 2002. Erie Metropolitan Housing Authority, Ohio major federal programs are identified in the Summary of Auditor's result section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Erie Metropolitan Housing Authority, Ohio's management. My responsibility is to express an opinion on Erie Metropolitan Housing Authority, Ohio'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 Erie Metropolitan Housing Authority, Ohio'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 Erie Metropolitan Housing Authority, Ohio's compliance with those requirements.

As described in item FED-2002-1 through FED-2002-3 in the accompanying schedule of findings and questioned costs, Erie Metropolitan Housing Authority, Ohio, did not comply with requirements regarding Special Test and Provisions that are applicable to its Low Rent Public Housing and Housing Choice Voucher Programs. Compliance with such requirements is necessary, in my opinion, for Erie Metropolitan Housing Authority, Ohio, to comply with requirements applicable to that program.

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In my opinion, except for the noncompliance described in the preceding paragraph, Erie Metropolitan Housing Authority, Ohio, 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 June 30, 2002.

Internal Control Over Compliance

The management of Erie Metropolitan Housing Authority, Ohio 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 Erie Metropolitan Housing Authority, Ohio'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.

I noted certain matters involving the internal control over compliance and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in my judgment, could adversely affect Erie Metropolitan Housing Authority, Ohio's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items FED-2002-4.

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. My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe that the reportable condition described above is not a material weakness.

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



Salvatore Consiglio, CPA, Inc.
February 11, 2003

Erie Metropolitan Housing Authority
 Schedule of Findings and Questioned Costs
 OMB Circular A-133 § .505
 June 30, 2002

1. SUMMARY OF AUDITOR'S RESULTS
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Type of Financial Statement Opinion	Unqualified
Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
Was there any reported material non-compliance at the financial statement level (GAGAS)?	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?	Yes
Type of Major Programs' Compliance Opinion	Qualified
Are there any reportable findings under § .510?	Yes
Major Programs (list):	CFDA #14.850, 14.871, and 14.872, Low Rent, Voucher, Capital Fund
Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All Others
Low Risk Auditee?	Yes

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
--

There are no Findings or questioned costs for the year ended June 30, 2002.

Erie Metropolitan Housing Authority
Schedule of Findings and Questioned Costs
OMB Circular A-133 § .505
June 30, 2002

3. FINDINGS REALTED TO FEDERAL AWARDS

FINDING NUMBER

FED-2002-1

RECERTIFICATION OF TENANT FILES

**U.S. Department of HUD
Low Rent Public Housing (CFDA # 14.850a)**

A review of 25 Public Housing Tenant files revealed that the required annual recertification for one of the files examined was not performed.

24 CFR 960.257 requires that the PHA perform a regular and interim reexamination of family income and composition.

The PHA is aware of this requirement and appears to be performing the recertification. No explanation was provided as to why this one file did not included document that the procedure was performed.

Recommendation:

The PHA must ascertain that all files are properly reexamined within the 12 months as required by 24 CFR 960.257.

PHA Response:

The Authority will comply with this requirement.

FINDING NUMBER

FED-2002-2

RELEASE OF INFORMATION FORM

**U.S. Department of HUD
Low Rent Public Housing (CFDA # 14.850a)**

A review of 25 Public Housing Tenant files revealed that the one of the file did not have a signed consent authorization for release of information.

24 CFR 5.230 states "Each member of the family of an assistance applicant or participant who is at least 18 years of age, and each family head and spouse regardless of age, shall sign one or more consent forms. The assistance applicant shall submit the signed consent

Erie Metropolitan Housing Authority
Schedule of Findings and Questioned Costs
OMB Circular A-133 § .505
June 30, 2002

forms to the processing entity when eligibility ... is being determined. A regular participant shall sign and submit consent forms at the next regularly scheduled income reexamination”.

The PHA is aware of the requirement; this may have been an oversight.

Recommendation:

Someone other than the person completing the certification or recertification should review the tenant’s files for completeness.

PHA Response:

Recommendation will be implemented.

FINDING NUMBER	FED-2002-3
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RENT REASONABLENESS

**U.S. Department of HUD
Housing Choice Voucher Program (CFDA # 14.871)**

A review of 25 Housing Choice Voucher Tenant files revealed that one of the files did not document that the PHA did perform a rent reasonable comparison.

24 CFR 982.507 requires that the PHA must determine whether the rent to owner is a reasonable rent in comparison to rent for other comparable unassisted units.

The PHA is aware of this requirement and appears to be performing the comparison. No explanation was provided as to why this one file did not document that the procedure was performed.

Recommendation:

Someone other than the person completing the certification or recertification should review the tenant’s files for completeness.

PHA Response:

Recommendation will be implemented.

Erie Metropolitan Housing Authority
Schedule of Findings and Questioned Costs
OMB Circular A-133 § .505
June 30, 2002

FINDING NUMBER	FED-2002-4
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RECORD RETENTION

**U.S. Department of HUD
Housing Choice Voucher Program (CFDA # 14.871)**

A review of 25 Housing Choice Voucher Tenant files revealed that three of the files did not contained copy of the participant social security card.

24 CFR 982.158 requires that the PHA maintain complete and accurate accounts and other records for the program in accordance with HUD requirements, in a manner that permits a speedy and effective audit.

I was informed that the previous administration reviewed many of the files and destroyed several information that it was determined that it was no longer necessary to be kept. This may have been part of the information destroyed.

Recommendation:

The PHA must establish a record retention policy in compliance with HUD regulations. No records shall be destroyed without proper authorization.

PHA Response:

A record retention policy will be implemented.

Erie Metropolitan Housing Authority
Schedule of Prior Audit Findings
June 30, 2002

The audit report for the fiscal year ending June 30, 2001 contained not audit finding.



**Auditor of State
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ERIE METROPOLITAN HOUSING AUTHORITY

ERIE 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
MAY 13, 2003**