

**PORTAGE METROPOLITAN HOUSING AUTHORITY**

**AUDIT REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2003**





**Auditor of State  
Betty Montgomery**

Board of Directors  
Portage Metropolitan Housing Authority  
Ravenna, Ohio

We have reviewed the Independent Auditor's Report of the Portage Metropolitan Housing Authority, Portage County, prepared by James G. Zupka, C.P.A., Inc., for the audit period January 1, 2003 through December 31, 2003. 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.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

October 27, 2004

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PORTAGE METROPOLITAN HOUSING AUTHORITY  
AUDIT REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2003

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**JAMES G. ZUPKA, C.P.A., INC.**  
*Certified Public Accountants*  
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Garfield Hts., Ohio 44125

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Ohio Society of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Portage Metropolitan Housing Authority  
Ravenna, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

We have audited the accompanying general purpose financial statements of Portage Metropolitan Housing Authority, as of and for the year ended December 31, 2003, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the Portage Metropolitan Housing Authority's management. Our responsibility is to express an opinion on these general purpose 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 general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Portage Metropolitan Housing Authority, as of December 31, 2003, and the results of its operations and the cash flows of its proprietary fund activities 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 July 29, 2004 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. 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 when considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The Schedules of Grant Cost Certifications are presented for purposes of additional analysis and are not a required part of the financial statements of the Portage Metropolitan Housing Authority. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Government and Non-Profit Organizations* and is not a required part of the financial statements. The Financial Data Schedule (FDS) is presented for purposes of additional analysis as required by the Department of Housing and Urban Development and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

James G. Zupka, CPA, Inc.  
Certified Public Accountant

July 29, 2004



PORTAGE METROPOLITAN HOUSING AUTHORITY  
BALANCE SHEET  
PROPRIETARY FUND TYPE  
ENTERPRISE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2003

**ASSETS**

**Current Assets**

Cash and Cash Equivalents (Note 2)	\$ 2,535,287
Investments	2,071,666
Accounts Receivable, (Net of Allowance for Doubtful Accounts)	241,682
Due from Other Funds	26,434
Inventory	97,993
Deferred Charges and Other Assets	19,468
Accrued Interest	<u>24,159</u>
<b>Total Current Assets</b>	<b><u>5,016,689</u></b>

NONCURRENT ASSETS:

Land, Structure and Equipment, Net of Accumulated Depreciation of \$9,803,390 (Note 3)	<u>9,541,817</u>
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<b>Total Noncurrent Assets</b>	<b><u>9,541,817</u></b>
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<b>Total Assets</b>	<b><u>\$14,558,506</u></b>
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**LIABILITIES AND EQUITY**

**Current Liabilities**

Accounts Payable	\$ 80,917
Due to Other Funds	26,434
Intergovernmental Payables	50,355
Accrued Interest	23,673
Accrued Wages/Payroll	27,912
Accrued Compensated Liabilities - Current Portion	30,891
Security Deposits	64,190
Deferred Credits and Other Liabilities	2,173,308
Current Portion of Long-Term Debt	<u>32,775</u>

<b>Total Current Liabilities</b>	<b><u>2,510,455</u></b>
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**Non-Current Liabilities**

Compensated Absences, Net of Current Portion	30,759
Long-Term Debt, Net of Current Portion (Note 4)	<u>347,868</u>

<b>Total Non-Current Liabilities</b>	<b><u>378,627</u></b>
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<b>Total Liabilities</b>	<b>2,889,082</b>
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**EQUITY**

Contributed Capital	9,783,494
Unreserved Fund	<u>1,885,930</u>

<b>Total Equity</b>	<b><u>11,669,424</u></b>
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<b>TOTAL LIABILITIES AND EQUITY</b>	<b><u>\$14,558,506</u></b>
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See accompanying notes to the general purpose financial statements.

PORTAGE METROPOLITAN HOUSING AUTHORITY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN EQUITY  
PROPRIETARY FUND TYPE  
ENTERPRISE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2003

**OPERATING REVENUE**

Net Tenant Rental	\$ 783,890
Tenant Revenue Other	7,856
Subsidies and Grants from HUD	10,704,705
Other Revenue	<u>56,687</u>
<b>Total Operating Revenue</b>	<b><u>11,553,138</u></b>

**OPERATING EXPENSES**

Administrative	1,360,201
Tenant Services	136,052
Utilities	276,392
Ordinary Maintenance and Operations	1,062,034
General Expenses	166,493
Protective Services	14,226
Housing Assistance Payments	8,229,548
Depreciation and Amortization	674,458
Interest Expense	<u>24,428</u>
<b>Total Operating Expenses</b>	<b><u>11,943,832</u></b>

**Net Operating Income/Loss** (390,694)

**NON-OPERATING REVENUE**

Interest Income	99,959
Gain on Sale of Fixed Assets	<u>46,700</u>

**Excess of Revenue over Expenses** (244,035)

**BEGINNING EQUITY** 11,932,683

**PRIOR PERIOD ADJUSTMENTS** (19,224)

**ENDING EQUITY** \$11,669,424

See accompanying notes to the general purpose financial statements.

PORTAGE METROPOLITAN HOUSING AUTHORITY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPE  
ENTERPRISE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2003

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash Received from HUD	\$ 11,131,009
Cash Received From Tenants	791,746
Cash Received From Other Income	56,506
Cash Payments for Housing Assistance Payments	(8,229,548)
Cash Payments for Administrative	(1,367,794)
Cash Payments for Other Operating Expenses	(1,656,682)
Cash Payments to HUD and Other Governments	(112,752)
<b>Net Cash Provided by Operating Activities</b>	<u>612,485</u>

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

Acquisition and Construction of Capital Assets	(111,653)
Sale of Capital Assets	85,000
Payment of Debt	(120,308)
<b>Net Cash Provided by Capital and Other Related Financing Activities</b>	<u>(146,961)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Investment Income	99,959
Sale of Investments	1,187,974

**Net Cash Provided from Investing Activities** 1,287,933

**Net Increase in Cash and Cash Equivalents** 1,753,457

CASH AND CASH EQUIVALENTS, BEGINNING 781,830

CASH AND CASH EQUIVALENTS, ENDING \$ 2,535,287

**RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES**

Net Operating Income	\$ (390,694)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities - Depreciation Expense	674,458
(Increase) Decrease in:	
Receivables - Net of Allowance	174,223
Due From Other Funds	(12,487)
Inventories	(15,664)
Deferred Charges and Other Assets	(8,607)
Increase (Decrease) in:	
Accounts Payable	13,790
Due to Other Funds	12,487
Intergovernmental Payable	(62,397)
Accrued Wages/Payroll Taxes and Compensated Absences	(7,593)
Tenants Security Deposits	(289)
Deferred Credits and Other Liabilities	235,258

**NET CASH PROVIDED BY OPERATING ACTIVITIES** \$ 612,485

See accompanying notes to the general purpose financial statements.

PORTAGE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Summary of Significant Accounting Policies**

The financial statements of the Portage 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 Portage 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.

PORTAGE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003  
(CONTINUED)

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Reporting Entity** (Continued)

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.

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.

Management believes the financial statements included in this report represent all of the funds of the Authority over which the Authority is financially accountable. Based on the above criteria, the Authority has no component units.

**Fund Accounting**

The Authority uses an enterprise fund to report on its financial position and the results of its operations for the Section 8 and public housing 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.

PORTAGE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003  
(CONTINUED)

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**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 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**

Investments are restricted by the provisions of the HUD Regulations (See Note 2). Investments are valued at market value. Interest income earned in fiscal year 2003 totaled \$99,959.

**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.

PORTAGE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003  
(CONTINUED)

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**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 the maximum amount allowed as a termination payment. All employees who meet the termination policy of the Authority for years of service are included in the calculation of the compensated absences accrual amount.

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: **(1)** the employees' rights to receive compensation are attributable to services already rendered and are not contingent on a specific event that is outside the control of the employer and employee. **(2)** It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

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

**Inventories**

Inventories are stated at cost. The allowance for obsolete inventory was \$0 at December 31, 2003.

**Capital Contributions**

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

PORTAGE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003  
(CONTINUED)

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**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: **DEPOSITS AND INVESTMENTS**

***Legal and Other Requirements*** - The investment and deposit of Authority monies are governed by the provisions of the Ohio Revised Code and the Authority's written investment policy. Only banks located in Ohio and domestic building and loan associations are eligible to hold public deposits. The Authority is also generally permitted to invest its monies in certificates of deposit, savings accounts, money market accounts, certain highly rated commercial paper, the State Treasurer's investment pool (STAROhio), and obligations of certain political subdivisions of Ohio and the United States government and its agencies. These investments must mature within two years of their purchase. The Authority may also enter into repurchase agreements with any eligible depository or any eligible dealer for a period not exceeding thirty days.



PORTAGE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003  
(CONTINUED)

NOTE 2: **DEPOSITS AND INVESTMENTS** (Continued)

***Legal and Other Requirements*** (Continued)

Public depositories must give security for all public funds on deposit. HUD requires specific collateral on individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation. Repurchase agreements must be secured by the specific qualifying securities upon which the repurchase agreements are based. These securities must mature or be redeemable within five years of the date of the related repurchase agreement. The market value of the securities subject to a repurchase agreement must exceed the value of the principal by 2 percent and be marked to market daily. State law does not require security for public deposits and investments to be maintained in the Authority's name.

The Authority is prohibited from investing in any financial instruments, contracts, or obligations whose value or return is based upon or linked to another asset or index, or both, separate from the financial instrument, contract, or obligation itself (commonly known as a derivative). The Authority is also prohibited from investing in reverse purchase agreements.

Governmental Accounting Standards Board Statement No. 3 (GASB No. 3) has established custodial credit risk categories for deposits and investments as follows:

**Deposits**

- Category 1      Insured or collateralized with securities held by the Authority or by its agent in the Authority's name.
  
- Category 2      Collateralized with securities held by the pledging financial institutions's trust department or agent in the Authority's name.
  
- Category 3      Uncollateralized as defined by the GASB (securities pledged with the pledging financial institution's trust department or agent, but not in the Authority's name).

PORTAGE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003  
(CONTINUED)

NOTE 2: **DEPOSITS AND INVESTMENTS** (Continued)

**Investments**

- Category 1 Insured or registered, or securities held by the Authority or its agent in the Authority's name.
- Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Authority's name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Authority's name.

**Deposits** - At year-end, the carrying amount of Portage Metropolitan Housing Authority's deposits was \$2,535,289 and the bank balance was \$2,159,187. The difference represents outstanding checks and deposits in transit. Of the bank balance, \$360,921 was covered by federal depository insurance. The remainder was covered by collateralization held by the banks for the Authority's deposits as required by HUD.

**Investments** - Portage Metropolitan Housing Authority's investments are categorized below to give an indication of the level of custodial credit risk assumed by the entity at year end. The risk categories were described previously in this footnote.

<u>Category</u>		<u>Cost</u>	<u>Fair Value</u>
1	Certificates of Deposit	<u>\$2,071,666</u>	<u>\$2,071,666</u>
Totals		<u>\$2,071,666</u>	<u>\$2,071,666</u>

A reconciliation of cash and investments as shown on the Balance Sheet follows:

Cash and Cash Equivalents	\$2,503,163
Investments	2,071,666
Tenant Security Deposits	<u>32,124</u>
Totals	<u>\$4,606,953</u>
Carrying Amount of Deposits	\$2,535,287
Carrying Amount of Investments	<u>2,071,666</u>
Totals	<u>\$4,606,953</u>

PORTAGE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003  
(CONTINUED)

NOTE 3: **FIXED ASSETS**

The following is a summary:

Land	\$ 1,625,461
Buildings	16,930,697
Furniture and Equipment - Dwellings	164,477
Furniture and Equipment - Administrative	<u>624,572</u>
Totals	19,345,207
Accumulated Depreciation	<u>(9,803,390)</u>
NET FIXED ASSETS	<u><u>\$ 9,541,817</u></u>

The following is a summary of changes:

	<u>Balance</u> <u>12/31/02</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/03</u>
Land	\$ 1,648,871	\$ 14,890	\$ (38,300)	\$ 1,625,461
Buildings and Building Improvements	16,917,999	12,698	0	16,930,697
Furniture and Equipment - Dwellings	161,174	6,673	(3,370)	164,477
Furniture and Equipment -Administrative	<u>622,640</u>	<u>77,392</u>	<u>(75,460)</u>	<u>624,572</u>
Total	19,350,684	111,653	(117,130)	19,345,207
Less Accumulated Depreciation	<u>(9,201,730)</u>	<u>(674,458)</u>	<u>72,798</u>	<u>(9,803,390)</u>
NET FIXED ASSETS	<u><u>\$10,148,954</u></u>	<u><u>\$(562,805)</u></u>	<u><u>\$ (44,332)</u></u>	<u><u>\$ 9,541,817</u></u>

Depreciation is calculated using the straight line method with lives varying between 3 and 30 years. The depreciation expense for the year ended December 31, 2003 was \$674,458.

PORTAGE METROPOLITAN HOUSING AUTHORITY  
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 4: **LONG-TERM DEBT**

Long-term debt for the Portage Metropolitan Housing Authority's state/local activities consist of the following:

- Note Payable dated November 12, 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 Proceeds of the note were used to purchase 27 multi-family rental units.	<u>\$ 380,643</u>
Total Long Term Debt	380,643
Less Current Portion	<u>(32,775)</u>
	<u><u>\$ 347,868</u></u>

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

	Principal	Interest	Total
2004	\$ 32,775	\$ 23,673	\$ 56,448
2005	34,971	21,477	56,448
2006	37,145	19,303	56,448
2007	39,633	16,815	56,448
2008	42,477	13,971	56,448
2009-2012	<u>193,642</u>	<u>24,387</u>	<u>218,029</u>
	<u><u>\$ 380,643</u></u>	<u><u>\$ 119,626</u></u>	<u><u>\$ 500,269</u></u>

PORTAGE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003  
(CONTINUED)

NOTE 5: **DEFINED BENEFIT PENSION PLANS**

A. **Ohio Public Employees Retirement System (OPERS)**

The following information was provided by OPERS to assist the Authority in complying with GASB Statement No. 27, *Accounting for Pensions of State and Local Government Employees*.

The Authority participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined pension plan that has elements of both defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705.

For the year ended December 31, 2003, the members of all three plans were required to contribute 8.5 percent of their annual covered salaries. The Authority's contribution rate for pension benefits for 2003 was 8.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Authority's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2003, 2002, and 2001 were \$146,883, \$144,086, and \$132,527 respectively; 92 percent has been contributed for 2003 and 100 percent for 2002 and 2001.

PORTAGE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003  
(CONTINUED)

NOTE 5: **DEFINED BENEFIT PENSION PLANS** (Continued)

**B. Postemployment Benefits**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2003 local government employer contribution rate was 13.55 percent of covered payroll; 5.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2002, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.00 percent annually.

All investments are carried at market. For actuarial value purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 364,881. Actual employer contributions for 2003 which were used to fund postemployment benefits were \$53,601. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2002, (the latest information available) were \$10.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$18.7 billion and \$8.7 billion, respectively.

PORTAGE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003  
(CONTINUED)

NOTE 5: **DEFINED BENEFIT PENSIONS PLANS** (Continued)

In December 2001, the Board adopted the Health Care “Choices” Plan. The Choices Plan will be offered to all persons newly hired in an OPERS covered position after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices will incorporate a cafeteria approach, offering a broader range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year “cliff” eligibility standard for the present Plan.

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The Plan will also offer a spending account feature, enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a Medical Spending Account.

NOTE 6: **COMPENSATED ABSENCES**

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

All full-time employees earn 5.0 hours sick leave per pay period. Unused sick leave may be accumulated up to a total of 130 hours per year. There is no maximum on the total accumulation of sick time hours.

All full-time non contract employees will earn vacation hours accumulated based on length of service. All vacation time accumulated will be paid upon separation.

At December 31, 2003, based on the vesting method, \$61,650 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.

PORTAGE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003  
(CONTINUED)

NOTE 8: **CONTINGENCIES AND OTHER COMMITMENTS**

**Litigation and Claims**

In the normal course of operations, the Authority may be subject to litigation and claims. At December 31, 2003 the Authority was involved in no matters which management believes would have a material effect on the financial statements. In addition, the Authority had no material operating lease commitments or construction commitments at December 31, 2003.

NOTE 9: **RECLASSIFICATIONS AND EQUITY ADJUSTMENTS**

The following is a summary of the Authority's Equity Transactions:

	<u>Contributed Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Beginning Balance at 12/31/02	\$ 9,819,735	\$ 2,112,948	\$ 11,932,683
Reclassifications, transfer	(36,241)	36,241	0
Other Adjustments	0	(19,224)	(19,224)
Current Year Loss	<u>0</u>	<u>(244,035)</u>	<u>(244,035)</u>
Ending Balance at 12/31/03	<u>\$ 9,783,494</u>	<u>\$ 1,885,930</u>	<u>\$ 11,669,424</u>



PORTAGE METROPOLITAN HOUSING AUTHORITY  
Supplemental Financial Data Schedule  
Statement of Net Assets by Program  
As of December 31, 2003

Line Item No.	Account Description	Business Activities	N/C S/R Section 8 Programs	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Lower Income Housing Assistance Program_Section 8 Moderate OH031MR0001	Lower Income Housing Assistance Program_Section 8 Moderate OH031MR0002	Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitat OH031MR0003	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Other Federal Program 2	Total
<b>ASSETS</b>														
<b>Current assets</b>														
111	Cash - Unrestricted	\$106,157	\$55,237	\$545,187	\$0	\$18,623	\$0	\$81,808	\$0	\$1,586,892	\$0	\$103,589	\$0	\$2,497,493
113	Cash - Other Restricted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,670	\$0	\$0	\$0	\$5,670
114	Cash - Tenant Security Deposits	\$10,686	\$0	\$21,438	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$32,124
100	Total Cash	\$116,843	\$55,237	\$566,625	\$0	\$18,623	\$0	\$81,808	\$0	\$1,592,562	\$0	\$103,589	\$0	\$2,535,287
121	Accounts Receivable - PHA Projects	\$0	\$0	\$100	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$100
122	Accounts Receivable - HUD Other Projects	\$0	\$33,823	\$0	\$0	\$0	\$6,147	\$3,206	\$0	\$176,501	\$0	\$0	\$0	\$219,677
125	Accounts Receivable - Miscellaneous	\$0	\$0	\$7,820	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,019	\$0	\$11,839
126	Accounts Receivable - Tenants - Dwelling Rents	\$6,283	\$0	\$19,626	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$25,909
126.1	Allowance for Doubtful Accounts - Dwelling Rents	-\$5,829	\$0	-\$14,806	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$20,635
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
128	Fraud Recovery	\$0	\$0	\$6,487	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,487
128.1	Allowance for Doubtful Accounts - Fraud	\$0	\$0	-\$1,695	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$1,695
129	Accrued Interest Receivable	\$0	\$0	\$6,446	\$0	\$0	\$0	\$0	\$0	\$17,713	\$0	\$0	\$0	\$24,159
120	Total Receivables, net of allowances for doubtful accounts	\$454	\$33,823	\$23,978	\$0	\$0	\$6,147	\$3,206	\$0	\$194,214	\$0	\$4,019	\$0	\$265,841
131	Investments - Unrestricted	\$0	\$136,958	\$380,736	\$0	\$13,576	\$59,225	\$75,424	\$0	\$979,743	\$0	\$200,000	\$0	\$1,845,662
132	Investments Restricted	\$0	\$0	\$124,305	\$0	\$0	\$0	\$0	\$0	\$101,699	\$0	\$0	\$0	\$226,004
142	Prepaid Expenses and Other Assets	\$2,025	\$0	\$15,911	\$0	\$18	\$83	\$102	\$0	\$1,329	\$0	\$0	\$0	\$19,468
143	Inventories	\$0	\$0	\$97,993	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$97,993
143.1	Allowance for Obsolete Inventories	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
144	Interprogram Due From	\$50	\$0	\$4,342	\$0	\$265	\$1,194	\$1,474	\$0	\$19,109	\$0	\$0	\$0	\$26,434
150	Total Current Assets	\$119,372	\$226,018	\$1,213,890	\$0	\$32,482	\$66,649	\$162,014	\$0	\$2,888,656	\$0	\$307,608	\$0	\$5,016,689
<b>Capital Assets</b>														
161	Land	\$19,187	\$0	\$1,490,671	\$0	\$0	\$0	\$0	\$0	\$0	\$14,890	\$100,713	\$0	\$1,625,461
162	Buildings	\$979,925	\$0	\$15,745,289	\$0	\$0	\$0	\$0	\$0	\$0	\$3,776	\$201,707	\$0	\$16,930,697
163	Furniture, Equipment & Machinery - Dwellings	\$0	\$0	\$162,433	\$0	\$0	\$0	\$0	\$0	\$0	\$2,044	\$0	\$0	\$164,477
164	Furniture, Equipment & Machinery - Administration	\$0	\$0	\$510,899	\$0	\$1,023	\$4,601	\$5,681	\$0	\$72,274	\$28,782	\$1,312	\$0	\$624,572
165	Leasehold Improvements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
166	Accumulated Depreciation	-\$336,421	\$0	-\$9,341,126	\$0	-\$560	-\$2,518	-\$3,109	\$0	-\$38,929	-\$4,033	-\$76,694	\$0	-\$9,803,390
160	Total Fixed Assets, Net of Accumulated Depreciation	\$662,691	\$0	\$8,568,166	\$0	\$463	\$2,083	\$2,572	\$0	\$33,345	\$45,459	\$227,038	\$0	\$9,541,817
180	Total Non-Current Assets	\$662,691	\$0	\$8,568,166	\$0	\$463	\$2,083	\$2,572	\$0	\$33,345	\$45,459	\$227,038	\$0	\$9,541,817
190	Total Assets	\$782,063	\$226,018	\$9,782,056	\$0	\$32,945	\$68,732	\$164,586	\$0	\$2,922,001	\$45,459	\$534,646	\$0	\$14,558,506

PORTAGE METROPOLITAN HOUSING AUTHORITY  
Supplemental Financial Data Schedule  
Statement of Net Assets by Program  
As of December 31, 2003

Line Item No.	Account Description	Business Activities	N/C S/R Section 8 Programs	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Lower Income Housing Assistance Program_Section 8 Moderate OH031MR0001	Lower Income Housing Assistance Program_Section 8 Moderate OH031MR0002	Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitat OH031MR0003	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Other Federal Program 2	Total
<b>LIABILITY</b>														
<b>Current Liability</b>														
312	Accounts Payable <= 90 Days	\$4,396	\$0	\$58,938	\$0	\$35	\$158	\$195	\$0	\$11,265	\$0	\$0	\$0	\$74,987
313	Accounts Payable >90 Days Past Due	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,930	\$0	\$0	\$0	\$5,930
321	Accrued Wage/Payroll Taxes Payable	\$729	\$574	\$15,364	\$0	\$131	\$592	\$731	\$0	\$9,475	\$0	\$316	\$0	\$27,912
322	Accrued Compensated Absences - Current Portion	\$968	\$809	\$13,134	\$0	\$185	\$834	\$1,030	\$0	\$13,349	\$0	\$582	\$0	\$30,891
325	Accrued Interest Payable	\$23,673	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$23,673
331	Accounts Payable - HUD PHA Programs	\$0	\$0	\$0	\$0	\$9,457	\$0	\$0	\$0	\$7,121	\$0	\$0	\$0	\$16,578
333	Accounts Payable - Other Government	\$0	\$0	\$33,777	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$33,777
341	Tenant Security Deposits	\$3,577	\$0	\$60,613	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$64,190
342	Deferred Revenues	\$0	\$0	\$197	\$0	\$0	\$0	\$0	\$0	\$2,128,858	\$0	\$0	\$0	\$2,129,055
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$32,775	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$32,775
346	Accrued Liabilities - Other	\$0	\$2,209	\$0	\$0	\$506	\$2,277	\$2,811	\$0	\$36,450	\$0	\$0	\$0	\$44,253
347	Interprogram Due To	\$5,525	\$0	\$9,755	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,154	\$0	\$26,434
310	Total Current Liabilities	\$71,643	\$3,592	\$191,778	\$0	\$10,314	\$3,861	\$4,767	\$0	\$2,212,448	\$0	\$12,052	\$0	\$2,510,455
<b>Noncurrent Liability</b>														
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	\$347,868	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$347,868
354	Current	\$1,056	\$1,208	\$5,049	\$0	\$277	\$1,245	\$1,537	\$0	\$19,922	\$0	\$465	\$0	\$30,759
350	Total Noncurrent Liabilities	\$348,924	\$1,208	\$5,049	\$0	\$277	\$1,245	\$1,537	\$0	\$19,922	\$0	\$465	\$0	\$378,627
300	Total Liabilities	\$420,567	\$4,800	\$196,827	\$0	\$10,591	\$5,106	\$6,304	\$0	\$2,232,370	\$0	\$12,517	\$0	\$2,889,082
504	Net HUD PHA Contributions	\$0	\$0	\$9,781,378	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$9,781,378
507	Other Contributions	\$0	\$0	\$430	\$0	\$20	\$91	\$113	\$0	\$1,462	\$0	\$0	\$0	\$2,116
508	Total Contributed Capital	\$0	\$0	\$9,781,808	\$0	\$20	\$91	\$113	\$0	\$1,462	\$0	\$0	\$0	\$9,783,494
<b>NET ASSETS</b>														
511	Total Reserved Fund Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
512	Earnings	\$361,496	\$221,218	-\$196,579	\$0	\$22,334	\$63,535	\$158,169	\$0	\$688,169	\$45,459	\$522,129	\$0	\$1,885,930
513	Total Equity/Net Assets	\$361,496	\$221,218	\$9,585,229	\$0	\$22,354	\$63,626	\$158,282	\$0	\$689,631	\$45,459	\$522,129	\$0	\$11,669,424
600	Total Liabilities and Equity/Net Assets	\$782,063	\$226,018	\$9,782,056	\$0	\$32,945	\$68,732	\$164,586	\$0	\$2,922,001	\$45,459	\$534,646	\$0	\$14,558,506

PORTAGE METROPOLITAN HOUSING AUTHORITY  
Supplemental Financial Data Schedule  
Statement of Revenues, Expenses and Changes in Net Assets by Program  
For the year Ended December 31, 2003

Line Item No.	Account Description	Business Activities	N/C S/R Section 8 Programs	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Lower Income Housing Assistance Program_Section 8 Moderate OH031MR0001	Lower Income Housing Assistance Program_Section 8 Moderate OH031MR0002	Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitat OH031MR0003	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Other Federal Program 2	Total
<b>REVENUE</b>														
703	Net Tenant Rental Revenue	\$210,226	\$0	\$573,664	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$783,890
704	Tenant Revenue - Other	\$0	\$0	\$7,856	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,856
705	Total Tenant Revenue	\$210,226	\$0	\$581,520	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$791,746
706	HUD PHA Operating Grants	\$0	\$515,712	\$588,259	\$28,057	\$99,828	\$495,477	\$569,367	\$58,300	\$7,502,346	\$762,045	\$0	\$35,822	\$10,655,213
706.1	Capital Grants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$49,492	\$0	\$0	\$49,492
711	Investment Income - Unrestricted	\$1,015	\$2,553	\$20,536	\$0	\$810	\$3,644	\$4,499	\$0	\$58,329	\$0	\$6,210	\$0	\$97,596
715	Other Revenue	\$7,259	\$0	\$39,057	\$0	\$0	\$0	\$0	\$0	\$18	\$0	\$10,353	\$0	\$56,687
716	Gain/Loss on Sale of Fixed Assets	\$0	\$0	\$46,700	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$46,700
720	Investment Income - Restricted	\$0	\$0	\$2,363	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,363
700	Total Revenue	\$218,500	\$518,265	\$1,278,435	\$28,057	\$100,638	\$499,121	\$573,866	\$58,300	\$7,560,693	\$811,537	\$16,563	\$35,822	\$11,699,797
<b>EXPENSES</b>														
911	Administrative Salaries	\$15,602	\$2,368	\$243,642	\$6,170	\$5,310	\$23,894	\$29,499	\$2,187	\$382,459	\$86,430	\$13,340	\$26,683	\$837,584
912	Auditing Fees	\$77	\$500	\$1,913	\$0	\$69	\$308	\$381	\$0	\$4,934	\$1,500	\$-	\$-	\$9,682
913	Outside Management Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$-	\$-	\$-
914	Compensated Absences	\$464	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$229	\$-	\$693
915	Administrative	\$4,904	\$874	\$85,437	\$4,861	\$2,354	\$10,595	\$13,080	\$899	\$169,586	\$25,384	\$5,319	\$8,766	\$332,059
916	Other Operating - Administrative	\$3,525	\$0	\$53,086	\$1,110	\$1,283	\$5,774	\$7,128	\$0	\$99,983	\$3,449	\$4,845	\$-	\$180,183
921	Tenant Services - Salaries	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$40,797	\$0	\$57,017	\$-	\$-	\$97,814
923	Employee Benefit Contributions - Tenant Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,897	\$0	\$14,264	\$-	\$-	\$20,161
924	Tenant Services - Other	\$0	\$0	\$3,192	\$4,132	\$0	\$0	\$0	\$8,115	\$0	\$2,638	\$-	\$-	\$18,077
931	Water	\$12,858	\$0	\$148,298	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$-	\$-	\$161,156
932	Electricity	\$7,810	\$0	\$73,077	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$-	\$-	\$80,887
933	Gas	\$14,644	\$0	\$19,312	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$-	\$-	\$33,956
938	Other Utilities Expense	\$393	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$-	\$-	\$393
941	Ordinary Maintenance and Operations - Labor	\$10,992	\$0	\$107,168	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$-	\$-	\$118,160
942	Ordinary Maintenance and Operations - Materials and Other	\$14,665	\$0	\$103,911	\$0	\$441	\$1,983	\$2,448	\$0	\$32,904	\$10,741	\$-	\$-	\$167,093
943	Ordinary Maintenance and Operations - Contract Costs	\$21,400	\$0	\$98,135	\$0	\$0	\$0	\$0	\$0	\$0	\$557,016	\$-	\$-	\$676,551
945	Employee Benefit Contributions - Ordinary Maintenance	\$3,408	\$0	\$82,086	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$-	\$-	\$85,494
951	Protective Services - Labor	\$0	\$0	\$0	\$6,603	\$0	\$0	\$0	\$0	\$0	\$0	\$-	\$-	\$6,603
952	Protective Services - Other Contract Costs	\$0	\$0	\$0	\$3,495	\$0	\$0	\$0	\$0	\$0	\$0	\$-	\$-	\$3,495
953	Protective Services - Other	\$0	\$0	\$0	\$329	\$0	\$0	\$0	\$0	\$0	\$2,773	\$-	\$-	\$3,102
955	Employee Benefit Contributions - Protective Services	\$0	\$0	\$0	\$1,026	\$0	\$0	\$0	\$0	\$0	\$0	\$-	\$-	\$1,026
961	Insurance Premiums	\$7,257	\$193	\$69,949	\$331	\$133	\$597	\$737	\$405	\$9,551	\$833	\$228	\$373	\$90,587
962	Other General Expenses	\$455	\$0	\$23,160	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$-	\$-	\$23,615

PORTAGE METROPOLITAN HOUSING AUTHORITY  
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For the year Ended December 31, 2003

Line Item No.	Account Description	Business Activities	N/C S/R Section 8 Programs	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Lower Income Housing Assistance Program_Section 8 Moderate OH031MR0001	Lower Income Housing Assistance Program_Section 8 Moderate OH031MR0002	Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitat OH031MR0003	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Other Federal Program 2	Total
963	Payments in Lieu of Taxes	\$2,786	\$0	\$34,092	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$ -	\$ -	\$ 36,878
964	Bad Debt - Tenant Rents	\$2,538	\$0	\$12,875	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$15,413
967	Interest Expense	\$24,428	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$24,428
969	Total Operating Expenses	\$148,206	\$3,935	\$1,159,333	\$28,057	\$9,590	\$43,151	\$53,273	\$58,300	\$699,417	\$762,045	\$23,961	\$35,822	\$3,025,090
970	Excess Operating Revenue over Operating Expenses	\$70,294	\$514,330	\$119,102	\$0	\$91,048	\$455,970	\$520,593	\$0	\$6,861,276	\$49,492	(\$7,398)	\$0	\$8,674,707
971	Extraordinary Maintenance	\$2,106	\$0	\$12,630	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$14,736
973	Housing Assistance Payments	\$0	\$488,736	\$0	\$0	\$95,454	\$446,744	\$509,202	\$0	\$6,689,412	\$0	\$0	\$0	\$8,229,548
974	Depreciation Expense	\$41,538	\$0	\$613,703	\$0	\$80	\$360	\$445	\$0	\$5,763	\$4,033	\$8,536	\$0	\$674,458
900	Total Expenses	\$191,850	\$492,671	\$1,785,666	\$28,057	\$105,124	\$490,255	\$562,920	\$58,300	\$7,394,592	\$766,078	\$32,497	\$35,822	\$11,943,832
1001	Operating Transfers In	\$60,345	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$60,345
1002	Operating Transfers Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$60,345)	\$0	\$0	\$0	(\$60,345)
1010	Total Other Financing Sources (Uses)	\$60,345	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$60,345)	\$0	\$0	\$0	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$86,995	\$25,594	(\$507,231)	\$0	(\$4,486)	\$8,866	\$10,946	\$0	\$105,756	\$45,459	(\$15,934)	\$0	(\$244,035)
1101	Capital Outlays Enterprise Fund	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1102	Debt Principal Payments - Enterprise Funds	\$60,308	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$60,308
1103	Beginning Equity	\$274,501	\$195,164	\$10,129,409	\$0	\$27,330	\$57,123	\$150,255	\$0	\$66,231	\$0	\$538,064	\$0	\$11,438,077
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$460	(\$36,949)	\$0	(\$490)	(\$2,363)	(\$2,919)	\$0	\$517,644	\$0	(\$1)	\$0	\$475,382
1112	Depreciation Add Back	\$41,538	\$0	\$613,703	\$0	\$80	\$360	\$445	\$0	\$5,763	\$4,033	\$8,536	\$0	\$674,458
1113	Maximum Annual Contributions Commitment (Per ACC)	\$0	\$590,136	\$0	\$0	\$101,123	\$591,600	\$635,484	\$0	\$7,920,171	\$0	\$0	\$0	\$9,838,514
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1115	Contingency Reserve, ACC Program Reserve	\$0	\$3,084,631	\$0	\$0	\$62,471	\$3,954,539	\$3,872,108	\$0	\$407,045	\$0	\$0	\$0	\$11,380,794
1116	Total Annual Contributions Available	\$0	\$3,674,767	\$0	\$0	\$163,594	\$4,546,139	\$4,507,592	\$0	\$8,327,216	\$0	\$0	\$0	\$21,219,308
1120	Unit Months Available	\$324	\$960	\$3,633	\$0	\$216	\$972	\$1,200	\$0	\$16,708	\$0	\$0	\$0	\$24,013
1121	Number of Unit Months Leased	\$268	\$943	\$3,591	\$0	\$216	\$972	\$1,200	\$0	\$15,558	\$0	\$0	\$0	\$22,748

PORTAGE METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2003

	<b><u>Federal CFDA Number</u></b>	<b><u>Funds Expended</u></b>
<b><u>From U.S. Department of HUD</u></b>		
<b><u>Direct Programs</u></b>		
<b><u>U.S. Department of HUD</u></b>		
PHA Owned Housing:		
Public and Indian Housing Operating Subsidy	14.850	\$ <u>588,259</u>
<b>Total PHA Owned Housing</b>		<u>588,259</u>
Comprehensive and Capital Fund Grants:		
Capital Fund	14.872	<u>811,537</u>
<b>Total Comprehensive and Capital Fund Grants</b>		<u>811,537</u>
Section 8 Programs:		
Section 8 Project Based Cluster:		
Annual Contribution - Mod. Rehab.	14.856	1,164,672
- New Construction	14.182	<u>515,712</u>
		<u>1,680,384</u>
- Housing Choice Voucher	14.872	7,502,346
- Move to Work Technical Asst.	**	<u>35,822</u>
<b>Total Section 8 Programs</b>		<u>7,538,168</u>
Resident Opportunity and Supportive Services	14.870	<u>58,300</u>
Public Indian Housing Drug Elimination Program	14.854	<u>28,057</u>
<b>Total U.S. Department of HUD</b>		<u>10,704,705</u>
<b>TOTAL ALL PROGRAMS</b>		<u>\$10,704,705</u>

\*\* - No CFDA numbers for this program.

PORTAGE METROPOLITAN HOUSING AUTHORITY  
RAVENNA, OHIO  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE A: **SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards is a summary of the activity of the District's federal awards programs. The schedule has been prepared on the accrual basis of accounting prescribed by the U.S. Department of Housing and Urban Development.

PORTAGE METROPOLITAN HOUSING AUTHORITY  
RAVENNA, OHIO  
CAPITAL GRANT COST CERTIFICATION  
DECEMBER 31, 2003

1. The Final Capital Fund Program Grant Costs are as Follows:

	Project <u>OH12-P-03150100</u>
Funds Approved	\$ 582,677
Funds Expended	<u>582,677</u>
Excess (Deficiency) of Funds Approved	\$ 0 =====

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

PORTAGE METROPOLITAN HOUSING AUTHORITY  
 RAVENNA, OHIO  
 RESIDENT OPPORTUNITY AND SUPPORTIVE SERVICE 2000 GRANT CERTIFICATION  
 DECEMBER 31, 2003

1. The actual Resident Opportunity and Supportive Service 2000 Grant Costs are as follows:

	Project <u>OH00RSF031P0045</u>
Funds Approved	\$ 150,000
Funds Expended	<u>150,000</u>
Excess (Deficiency) of Funds Approved	\$ 0 =====

2. The Distribution of Costs as shown on the Schedule of Resident Opportunity and Supportive Service 2000 Grant expenditures submitted to HUD for approval are in agreement with the Authority’s records.

3. All Resident Opportunity and Supportive Service 2000 Grant Costs have been paid and all related liabilities have been discharges through payment.



**JAMES G. ZUPKA, C.P.A., INC.**  
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5240 East 98<sup>th</sup> Street  
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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  
Portage Metropolitan Housing Authority  
Ravenna, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

We have audited the general purpose financial statements of the Portage Metropolitan Housing Authority as of and for the year ended December 31, 2003, and have issued our report thereon dated July 29, 2004. 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 the 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 solely for the information and use of the Board of Directors, management, Auditor of State and Federal Award Agencies and is not intended to be and should not be used by anyone other than these specified parties.

James G. Zupka, CPA, Inc.  
Certified Public Accountants

July 29, 2004

**JAMES G. ZUPKA, C.P.A., INC.**  
*Certified Public Accountants*  
*5240 East 98<sup>th</sup> Street*  
*Garfield Hts., Ohio 44125*

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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  
Portage Metropolitan Housing Authority  
Ravenna, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

**Compliance**

We have audited the compliance of the Portage Metropolitan Housing Authority with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133* that are applicable to each of its major federal programs for the year ended December 31, 2003. Portage Metropolitan Housing Authority's major federal programs are identified in the summary of auditor's results 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 the 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*. 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 the 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, 2003. The results of our auditing procedures disclosed no instances of non-compliance with those requirements that are required to be reported in accordance with OMB Circular A-133.

### **Internal Control Over Compliance**

The management of the 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 Portage Metropolitan Housing Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine 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 solely for the information and use of the Board of Directors, management, Auditor of State, and Federal Awarding Agencies and is not intended to be used by anyone other than these specified parties.

James G. Zupka, CPA, Inc.  
Certified Public Accountants

July 29, 2004

PORTAGE METROPOLITAN HOUSING AUTHORITY  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 OMB CIRCULAR A-133 & .505  
 DECEMBER 31, 2003

**1. SUMMARY OF AUDITOR'S RESULTS**

2003(i)	Type of Financial Statement Opinion	Unqualified
2003(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
2003(ii)	Were there any other reportable control weakness conditions reported at the financial statements level (GAGAS)?	No
2003(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2003(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
2003(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
2003(v)	Type of Major Programs' Compliance Opinion	Unqualified
2003(vi)	Are there any reportable findings under .510?	No
2003(vii)	Major Programs (list): Housing Choice Voucher Capital Fund	14.871 14.872
2003(viii)	Dollar Threshold: Type A\B Programs	Type A;>\$321,141 Type B: all others
2003(ix)	Low Risk Auditee?	Yes

PORTAGE METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 & .505  
(CONTINUED)  
DECEMBER 31, 2003

2. **FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None.

3. **FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.



**Auditor of State  
Betty Montgomery**

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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  
NOVEMBER 9, 2004**