

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY**

**AUDIT REPORT**

**FOR THE YEAR ENDED MARCH 31, 2000**



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

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Board of Directors  
Tuscarawas Metropolitan Housing Authority

We have reviewed the Independent Auditor's Report of the Tuscarawas Metropolitan Housing Authority, Tuscarawas County, prepared by James G. Zupka, CPA, Inc. for the audit period April 1, 1999 through March 31, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

JIM PETRO  
Auditor of State

December 15, 2000

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
AUDIT REPORT  
FOR THE YEAR ENDED MARCH 31, 2000

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1-2
General Purpose Financial Statements:	
Combined Balance Sheet - Proprietary Fund Type - Enterprise Fund	3
Combined Statement of Revenues, Expenses and Changes in Retained Earnings - Proprietary Fund Type - Enterprise Fund	4
Combined Statement of Cash Flows - Proprietary Fund Type - Enterprise Fund	5
Notes to the General Purpose Financial Statements	6-14
Supplemental Data:	
Combining Balance Sheet - (FDS Schedule Format)	15-16
Combining Statement of Revenues, Expenses and Changes in Retained Earnings - (FDS Schedule Format)	17
Additional FDS Schedule Information - FDS Schedule Submitted to HUD	18
Schedule of Federal Awards Expenditures	19
Notes to the Schedule of Expenditures of Federal Awards	20
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u> and <u>PIH Compliance Supplement</u>	21-22
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with <i>OMB Circular A-133</i> and <u>PIH Compliance Supplement</u>	23-24
Schedule of Findings and Questioned Costs	25-26
Data Collection Form	27-30

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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Tuscarawas Metropolitan Housing Authority  
New Philadelphia, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

We have audited the accompanying general purpose financial statements of Tuscarawas Metropolitan Housing Authority, as of and for the year ended March 31, 2000, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the Tuscarawas 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 generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 Tuscarawas Metropolitan Housing Authority, as of March 31, 2000, and the results of its operations and the cash flows of its proprietary fund activities for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated August 4, 2000 on our consideration of Tuscarawas Metropolitan Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken 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 Tuscarawas 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 combining 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.

August 4, 2000

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James G. Zupka  
Certified Public Accountant

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
 COMBINED BALANCE SHEET  
 PROPRIETARY FUND TYPE  
 ENTERPRISE FUND  
 FOR THE YEAR ENDED MARCH 31, 2000

**ASSETS**

Cash and Cash Equivalents	\$ 176,378
Cash - Restricted - FSS Escrow	100,086
Investments	216,270
Receivables - Net of Allowance	75
Due from HUD	47,003
Deferred Charges and Other Assets	10
Fixed Assets - Net of Accumulated Depreciation	150,207
<b>Total Assets</b>	<b>\$ 690,029</b>

**LIABILITIES, RETAINED EARNINGS AND OTHER CREDITS**

Accounts Payable	\$ 1,307
Due to HUD	29,172
Accrued Wages/Payroll Taxes	7,028
Accrued Compensated Absences	8,025
Deferred Credits and Other Liabilities	247,775
Mortgage Payable	101,577
<b>Total Liabilities</b>	<b>394,884</b>

**RETAINED EARNINGS AND OTHER CREDITS**

Contributed Capital	208,326
Retained Earnings	86,819
<b>Total Retained Earnings and Other Credits</b>	<b>295,145</b>

TOTAL LIABILITIES, RETAINED EARNINGS AND OTHER CREDITS	<b>\$ 690,029</b>
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See accompanying notes to the general purpose financial statements.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
 COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
 RETAINED EARNINGS  
 PROPRIETARY FUND TYPE  
 ENTERPRISE FUND  
 FOR THE YEAR ENDED MARCH 31, 2000

**OPERATING REVENUE**

Program Operating Grants/Subsidies	\$1,674,709
Other Income	3,667
<b>Total Operating Revenue</b>	1,678,376

**OPERATING EXPENSES**

Administrative	245,317
Utilities	1,899
Maintenance	6,965
General	2,016
Interest	6,000
Housing Assistance Payments	1,409,642
Depreciation	8,462
<b>Total Operating Expenses</b>	1,680,301
<b>Net Operating Income (Loss)</b>	(1,925)

**NON-OPERATING REVENUE**

Interest Income	4,118
<b>Net Income (Loss)</b>	2,193

Retained Earnings and Other Credits, Beginning, As Restated	292,952
Equity Transfers	0
Comprehensive Grant Program Contributed Capital	0
<b>RETAINED EARNINGS AND OTHER CREDITS, ENDING</b>	\$ 295,145

See accompanying notes to the general purpose financial statements.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
 COMBINED STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND TYPE  
 ENTERPRISE FUND  
 FOR THE YEAR ENDED MARCH 31, 2000

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash Received from HUD	\$1,833,666
Cash Payments for Housing Assistance Payments	(1,409,642)
Cash Payments for Administrative	(230,264)
Cash Payments for Other Operating Expenses	(19,465)
Cash Payments to HUD and Other Governments	(36,857)
<b>Net Cash Provided by Operating Activities</b>	<b>137,438</b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Investment Income	4,118
Investments Withdrawals	(5,767)
Purchase of Equipment	(13,582)
<b>Net Cash Used in Investing Activities</b>	<b>(15,231)</b>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Mortgage Payments	(5,305)
<b>Net Cash Used in Financing Activities</b>	<b>(5,305)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>116,902</b>

CASH AND CASH EQUIVALENTS, BEGINNING	59,476
CASH AND CASH EQUIVALENTS, ENDING	<b>\$ 176,378</b>

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

Net Operating (Loss)	\$ (1,925)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities: Depreciation	8,462
(Increase) Decrease in:	
Receivables - Net of Allowance	(11,965)
Deferred Charges and Other Assets	(35,582)
Increase (Decrease) in:	
Accounts Payable	(2,585)
Intergovernmental Payable	139,994
Accrued Wages/Payroll Taxes and Compensated Absences	15,053
Deferred Credits	25,986
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 137,438</b>

See accompanying notes to the general purpose financial statements.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2000

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

**Summary of Significant Accounting Policies**

The financial statements of the Tuscarawas 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 Tuscarawas 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.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2000  
(CONTINUED)

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

**Fund Accounting**

The Authority uses the proprietary fund to report on its financial position and the results of its operations for the Section 8 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.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2000  
(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 3). Investments are valued at market value. Interest income earned in fiscal year 1999 totaled \$4,118. The interest income earned on the general fund investments is required to be returned to HUD and this amount was \$4,970 for the year ended March 31, 2000.

**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.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2000  
(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 March 31, 2000.

**Capital Contributions**

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

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2000  
(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: **CASH AND 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.

Deposits - The carrying amount of Tuscarawas Metropolitan Housing Authority's deposits totaled \$276,464. The corresponding bank balances totaled \$285,926.

The amount of \$100,000 was covered by federal depository insurance and the remaining \$176,464 was covered by collateralization held by the bank for the Authority's deposits as required by HUD. The Authority had no investments of certificates of deposits that exceeded three months. The Authority did have investments with a financial institution in the amount of \$216,270.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED MARCH 31, 2000  
 (CONTINUED)

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 1999 the Authority contracted with Reliance Insurance Company for liability coverage of \$500,000 in the aggregate, Cincinnati Insurance Company for crime coverage of \$40,000 and Westfield Insurance Companies for building coverage of \$144,000, business property of \$15,000 and liability of \$2,000,000.

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:

Land	\$ 30,553
Buildings	112,217
Furniture and Equipment - Administrative	42,940
	185,710
Accumulated Depreciation	(35,503)
NET FIXED ASSETS	\$ 150,207

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2000  
(CONTINUED)

NOTE 5: **FIXED ASSETS** (Continued)

The following is a summary of changes:

	Balance <u>03/31/99</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>03/31/00</u>
Land	\$ 30,553	\$ 0	\$ 0	\$ 30,553
Buildings	112,217	0	0	112,217
Furniture & Equipment				
- Administrative	72,082	13,582	42,724	42,940
<b>TOTAL FIXED ASSETS</b>	<u>\$ 214,852</u>	<u>\$ 13,582</u>	<u>\$ 42,724</u>	<u>\$ 185,710</u>

The depreciation expense for the year ended March 31, 2000 was \$8,462.

NOTE 6 **CHANGES IN FINANCIAL STATEMENT PREPARATION AND BASIS OF ACCOUNTING**

For the year ended March 31, 2000, the Authority has presented for the first time general purpose financial statements by fund type. In conjunction with this presentation, the Authority has changed its basis of accounting from the HUD basis to the accrual basis for proprietary funds, including the valuation of fixed assets. These changes include recognition of revenue when earned for proprietary funds and expenditures/expenses when incurred. Fixed assets were valued at historical cost. Retained earnings as of March 31, 1999 have been restated for these changes to conform to generally accepted accounting principles (GAAP).

These restatements had the following effect on retained earnings and other credits:

<u>Fund Type</u>	Balance Prior To Change <u>03/31/99</u>	Adjustments to Reflect Decrease Due to Changes in <u>Basis of Accounting</u>	Restated Balance <u>03/31/99</u>
Proprietary Fund Type:			
Enterprise Fund	\$ 328,145	\$ (35,193)	\$ 292,952

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2000  
(CONTINUED)

NOTE 7: **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. Benefits are established by Chapter 145 of the Ohio Revised Code. 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 and the Authority is required to contribute 9.35 percent. Contributions are authorized by State statute. The contribution rates are determined actuarially. The Authority's required contributions to PERS for the years ended March 31, 2000, 1999 and 1998 were \$29,837, \$26,782, and \$27,556, respectively. The full amount has been contributed for 1999 and 1998. Eighty-six percent has been contributed for 1999, with the remainder being reported as a liability with the enterprise fund.

NOTE 8. **POSTEMPLOYMENT BENEFITS - PUBLIC EMPLOYEES  
RETIREMENT SYSTEM**

The Public Retirement System of Ohio (PERS) provides postretirement 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 system is considered an Other Postemployment 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 postretirement health care based on authority granted by State statute. The 2000 employer contribution rate was 13.55 percent of covered payroll; 4.2 percent was the portion that was used to fund health care. For 1999, the percent used to fund health care was also 4.2 percent.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED MARCH 31, 2000  
 (CONTINUED)

NOTE 8: **POSTEMPLOYMENT BENEFITS - PUBLIC EMPLOYEES  
 RETIREMENT SYSTEM** (Continued)

Benefits were funded on a pay-as-you-go basis. OPEB are financed through employer contributions and investment earnings. The contributions allocated to retiree health care and Medicare, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely. During 1999, OPEB expenditures made by PERS were \$523,599,349. As of March 31, 2000, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641. At March 31, 2000, the total number of benefit recipients eligible for OPEB through PERS was 118,062. The Authority's actual contributions for 2000 which were used to fund OPEB were \$5,683.

During 1997, PERS adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998, employer contributions, equaled 4.2 percent of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health coverage.

NOTE 9: **MORTGAGE PAYABLE**

The Authority purchased a building which is being used as the Authority's administrative office. The amount of the mortgage from Bank One was \$113,600, with a monthly payment of \$937 and which is being amortized over 15 years at an interest rate of 5.65%. Principal and interest payments over the next five years are as follows:

<u>Year</u>	<u>Interest</u>	<u>Principal</u>
2001	\$ 5,904	\$ 5,343
2002	5,595	5,652
2003	5,267	5,980
2004	4,920	6,327
2005	4,553	6,694
Remaining	27,143	71,581
	<u>\$ 53,382</u>	<u>\$ 101,577</u>
	=====	=====

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
 COMBINING BALANCE SHEET  
 FDS SCHEDULE SUBMITTED TO HUD  
 PROPRIETARY FUND TYPE - ENTERPRISE FUND  
 MARCH 31, 2000

FDS Line Item No	<u>Account Description</u>	14.855 Section 8 Rent VO Program	14.857 Section 8 Rent CE Program	<u>Total</u>
<b><u>ASSETS</u></b>				
111	Cash - Unrestricted	\$ 171,764	\$ 4,614	\$ 176,378
113	Cash - Other Restrictions	100,086	0	100,086
100	<b>Total Cash</b>	<u>271,850</u>	<u>4,614</u>	<u>276,464</u>
121	A/R - Other Projects			
122	A/R - HUD	0	47,003	47,003
125	A/R - Miscellaneous	75	0	75
120	<b>Total Accounts Receivable</b>	<u>75</u>	<u>47,003</u>	<u>47,078</u>
131	Investments - Unrestricted	0	0	0
132	Investments - Restricted	216,270	0	216,270
142	Prepaid Expenses & Other Assets	0	0	0
143	Inventories	0	0	0
150	<b>Total Current Assets</b>	<u>488,195</u>	<u>51,617</u>	<u>539,812</u>
161	Land	142,770	0	142,770
162	Buildings	0	0	0
163	Furniture & Equipment - Dwellings	0	0	0
164	Furniture & Equipment - Administrative	42,940	0	42,940
166	Accumulated Depreciation	(35,503)	0	(35,503)
160	<b>Total Fixed Assets Net</b>	<u>150,207</u>	<u>0</u>	<u>150,207</u>
174	Other Assets	10	0	10
180	<b>Total Non-Current Assets</b>	<u>150,217</u>	<u>0</u>	<u>150,217</u>
190	<b>TOTAL ASSETS</b>	<u><u>\$ 638,412</u></u>	<u><u>\$ 51,617</u></u>	<u><u>\$ 690,029</u></u>

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
 COMBINING BALANCE SHEET  
 FDS SCHEDULE SUBMITTED TO HUD  
 PROPRIETARY FUND TYPE - ENTERPRISE FUND  
 MARCH 31, 2000

FDS Line Item No.	<u>Account Description</u>	14.855 Section 8 Rent VO <u>Program</u>	14.157 Section 8 Rent CE <u>Program</u>	<u>Total</u>
<b><u>LIABILITIES</u></b>				
312	Accounts Payable, <= 90 Days	\$ 1,307	\$ 0	\$ 1,307
321	Accrued Wages/Payroll Taxes	7,028	0	7,028
322	Accrued Compensated Absence	8,025	0	8,025
331	Accounts Payable - HUD PHA Prog.	29,172	0	29,172
333	Accounts Payable - Other Governments	0	0	0
342	Deferred Revenues	143,065	4,614	147,679
345	Other Current Liabilities	10	0	10
347	Interprogram Due To	0	0	0
310	<b>Total Current Liabilities</b>	<u>188,607</u>	<u>4,614</u>	<u>193,221</u>
351	Mortgage Payable	101,577	0	101,577
353	Non-Current Liabilities - Other	100,086	0	100,086
	<b>Total Non-Current Liabilities</b>	<u>201,663</u>	<u>0</u>	<u>201,663</u>
300	<b>TOTAL LIABILITIES</b>	<u>390,270</u>	<u>4,614</u>	<u>394,884</u>
502	Project Notes (HUD)	0	0	0
504	Net PHA HUD Contributions	160,360	36,714	197,074
507	Other Contributions	11,252	0	11,252
508	<b>Total Contributed Capital</b>	<u>171,612</u>	<u>36,714</u>	<u>208,326</u>
512	Retained Earnings	76,530	10,289	86,819
513	<b>Total Equity</b>	<u>248,142</u>	<u>47,003</u>	<u>295,145</u>
600	<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u>\$ 638,412</u>	<u>\$ 51,617</u>	<u>\$ 690,029</u>

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
 CHANGES IN RETAINED EARNINGS  
 FDS SCHEDULE SUBMITTED TO HUD  
 PROPRIETARY FUND TYPE - ENTERPRISE FUND  
 FOR THE YEAR ENDED MARCH 31, 2000

FDS Line Item No.	<u>Account Description</u>	14.855 Section 8 Rent VO Program	14.857 Section 8 Rent CE Program	<u>Total</u>
	<b><u>REVENUE</u></b>			
706	HUD PHA Grants	\$ 1,190,920	\$ 483,789	\$ 1,674,709
711	Investment Income - Unrestricted	3,650	468	4,118
714	Fraud Recovery	2,132	1,535	3,667
715	Other Revenue	0	0	0
700	<b>Total Revenue</b>	<u>1,196,702</u>	<u>485,792</u>	<u>1,682,494</u>
	<b><u>EXPENSES</u></b>			
911	Administrative Salaries	87,354	45,264	132,618
912	Auditing Fees	3,159	1,314	4,473
914	Compensated Absences	1,617	0	1,617
915	Employee Benefit Contributions - Administrative	36,316	18,551	54,867
916	Other Operating - Administrative	36,152	15,590	51,742
931	Water	84	35	119
932	Electricity	1,087	452	1,539
933	Gas	170	71	241
942	Ordinary Maintenance and Operations-Materials	4,830	2,135	6,965
961	Insurance Premiums	1,424	592	2,016
962	Other General Expenses	0	0	0
967	Interest Expense	4,237	1,763	6,000
	<b>Total Operating Expenses</b>	<u>176,430</u>	<u>85,767</u>	<u>262,197</u>
970	Excess Operating Revenues Over Expenses	<u>1,020,272</u>	<u>400,025</u>	<u>1,420,297</u>
	<b><u>OTHER EXPENSES</u></b>			
973	Housing Assistance Payments	1,012,392	397,250	1,409,642
974	Depreciation Expense	8,462	0	8,462
900	<b>Total Expenses</b>	<u>1,197,284</u>	<u>483,017</u>	<u>1,680,301</u>
1000	Excess of Revenue Over Expenses	<u>(582)</u>	<u>2,775</u>	<u>2,193</u>
1101	Capital Contributions	0	0	0
1103	Beginning Equity	283,917	44,228	328,145
1104	Prior Period Adjustment	(35,193)	0	(35,193)
	<b>ENDING EQUITY</b>	<u><u>\$ 248,142</u></u>	<u><u>\$ 47,003</u></u>	<u><u>\$ 295,145</u></u>

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
 ADDITIONAL FDS SCHEDULE INFORMATION  
 FDS SCHEDULE SUBMITTED TO HUD  
 PROPRIETARY FUND TYPE - ENTERPRISE FUND  
 FOR THE YEAR ENDED MARCH 31, 2000

FDS Line Item No.	<u>Account Description</u>	14.855 Section 8 Rent VO <u>Program</u>	14.857 Section 8 Rent CE <u>Program</u>
1101	Capital Outlays Enterprise Fund	\$ 0	\$ 0
1103	Beginning Equity	283,917	44,228
1104	Prior Period Adjustment and Equity Transfers	(35,193)	0
1112	Depreciation Add Back	8,462	0
1113	Maximum Annual Contributions	1,534,470	434,956
1115	Contingency Reserve	216,345	66,533
1116	Total Annual Contributions Available	1,750,815	501,489
1120	Unit Months Available	4,608	1,800
1121	Number of Unit Months Leased	4,039	1,680

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
 SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
 FOR THE YEAR ENDED MARCH 31, 2000

	<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>		
Annual Contribution Contract C-10018		
Housing Assistance Payments:		
Annual Contribution -		
Section 8 Rental Certificate Program	14.857	\$ 483,789
Section 8 Rental Voucher Program	14.855	1,190,920
Total Section 8 Cluster		<u>1,674,709</u>
<b>Total - All Programs</b>		<b><u><u>\$1,674,709</u></u></b>

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED MARCH 31, 2000

NOTE A: **SIGNIFICANT ACCOUNTING POLICIES**

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

**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

**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  
Tuscarawas Metropolitan Housing Authority  
New Philadelphia, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

We have audited the general purpose financial statements of the Tuscarawas Metropolitan Housing Authority as of and for the year ended March 31, 2000, and have issued our report thereon dated August 4, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Tuscarawas 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 Tuscarawas 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. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Tuscarawas Metropolitan Housing Authority in a separate letter dated August 4, 2000.

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.

August 4, 2000

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James G. Zupka  
Certified Public Accountant

**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  
Tuscarawas Metropolitan Housing Authority  
New Philadelphia, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

**Compliance**

We have audited the compliance of the Tuscarawas 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 March 31, 2000. Tuscarawas 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 Tuscarawas Metropolitan Housing Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; 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 Tuscarawas 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 Tuscarawas Metropolitan Housing Authority's compliance with those requirements.

In our opinion, Tuscarawas 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 March 31, 2000. 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 Tuscarawas 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 Tuscarawas 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.

August 4, 2000

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James G. Zupka  
Certified Public Accountant

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 & .505  
MARCH 31, 2000

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

1999(i)	Type of Financial Statement Opinion	Unqualified
1999(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
1999(ii)	Were there any other reportable control weakness conditions reported at the financial statements level (GAGAS)?	No
1999(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
1999(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
1999(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
1999(v)	Type of Major Programs' Compliance Opinion	Unqualified
1999(vi)	Are there any reportable findings under .510?	No
1999(vii)	Major Programs (list):	1. Section 8 Cluster
1999(viii)	Dollar Threshold: Type A\B Programs	Type A:>\$300,000 Type B:> None
1999(ix)	Low Risk Auditee?	Yes

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 & .505  
(CONTINUED)  
MARCH 31, 2000

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.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY**

**TUSCARAWAS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 23, 2001**