

Lake Metropolitan Housing Authority
General Purpose Financial Statements
For the Year Ended June 30, 2001



STATE OF OHIO
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Board of Directors
Lake Metropolitan Housing Authority
189 First St.
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We have reviewed the independent auditor's report of the Lake Metropolitan Housing Authority, Lake County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period July 1, 2000 through June 30, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

JIM PETRO
Auditor of State

April 15, 2002

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LAKE METROPOLITAN HOUSING AUTHORITY
AUDIT REPORT
FOR THE YEAR ENDED JUNE 30,2001

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SALVATORE CONSIGLIO, CPA, INC.

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Independent Auditors' Report

Board of Directors
Lake Metropolitan Housing Authority

Regional Inspector General of Audit
Department of Housing and Urban
Development

I have audited the accompanying general purpose financial statements of Lake Metropolitan Housing Authority, Ohio, as of and for the year ended June 30, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the Lake Metropolitan Housing Authority, Ohio, management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

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

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Lake Metropolitan Housing Authority, Ohio, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund for the year then ended in conformity with accounting principles generally accepted in the United State of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated December 12, 2001, on my consideration of Lake Metropolitan Housing Authority, Ohio's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the result of our audit.

My Audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Lake Metropolitan Housing Authority, Ohio. 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 general purpose 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 general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respect in relation to the basic financial statements taken as a whole.



Salvatore Consiglio
Certified Public Accountant

December 12, 2001

Lake Metropolitan Housing Authority
 Combined Balance Sheet
 Proprietary Fund Type
 Enterprise Fund
 June 30, 2001

ASSETS

Cash and Cash Equivalents	\$1,092,653
Cash - Restricted FSS Escrow	2,101
Accounts Receivable - HUD	26,078
Accounts Receivable - Miscellaneous	55,004
Accounts Receivable – Tenants (Net of Allowance for Doubtful Account)	17,372
Accrued Interest Receivable	77,888
Investment	1,617,918
Prepaid Expenses and Other Assets	19,144
Interprogram Due From	117,349
Fixed Assets - Net of Accumulated Depreciation	<u>6,826,442</u>
 TOTAL ASSETS	 <u>\$9,851,949</u>

LIABILITIES AND EQUITY

CURRENT LIABILITIES:

Accounts Payable	\$27,326
Accounts Payable - HUD	26,937
Accounts Payable – Other Governments	108,094
Accrued Compensated Absences	43,629
Accrued Wages and Payroll Taxes Payable	20,578
Tenant Security Deposit	36,535
Deferred Grant Revenue	584,796
Other Current Liabilities	58,811
Interprogram Due To	<u>117,349</u>
 TOTAL LIABILITIES	 <u>1,024,055</u>

EQUITY:

Total Contributed Capital	7,031,132
Retained Earnings	<u>1,796,762</u>
 TOTAL EQUITY	 <u>8,827,894</u>

TOTAL LIABILITIES AND EQUITY	<u>\$9,851,949</u>
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The accompanying notes to the general purpose financial statements are an integral part of these statements.

Lake Metropolitan Housing Authority
 Combined Statement of Revenue, Expenses and Change in Retained Earnings
 Proprietary Fund Type
 Enterprise Fund
 For the Year Ended June 30, 2001

REVENUE

Tenant Rental Revenue	\$422,838
Tenant Revenue – other	8,068
Grant Revenue	5,736,938
Investment Income – unrestricted	159,371
Fraud Recovery	1,795
Other Revenue	8,870
	8,870
 TOTAL REVENUE	 6,337,880

EXPENSES

Administrative Expenses	673,014
Utilities Expenses	190,218
Ordinary Maintenance and Operation	279,868
General Expenses	69,561
Extraordinary Maintenance Expense	12,537
Housing Assistance Expenses	4,524,963
Loss from Sale of Assets	10,019
Depreciation Expense	710,623
	710,623
 TOTAL EXPENSES	 6,470,803

EXCESS (DEFICIENCY) OF TOTAL REVENUE OVER (UNDER) TOTAL EXPENSES	(132,923)
 Beginning Retained Earnings	9,026,305
Prior Period Adjustments	(65,488)
	(65,488)
 ENDING RETAINED EARNINGS	 \$8,827,894

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

Lake Metropolitan Housing Authority
 Combined Statement of Cash Flows
 Proprietary Fund Type
 Enterprise Fund
 For the Year Ended June 30, 2001

CASH FLOWS FROM OPERATING ACTIVITIES:

Net Operating Income/(Loss)	(\$ 132,923)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities	
- Depreciation	710,623
- (Increases) Decreases in Accounts Receivable	826,021
- Increases (Decreases) Accounts Payable	(646,439)
- Change in Prepaid Assets	5,183
- Prior Period Adjustment	<u>(30,160)</u>
 Total Adjustments	 <u>865,228</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>732,305</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:	
Change in Investment Account	(46,792)
Change in Fixed Assets	<u>(453,030)</u>
 NET CASH USED IN INVESTING ACTIVITIES	 <u>(499,822)</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 232,483
 CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	 <u>860,170</u>
 CASH AND CASH EQUIVALENTS - END OF YEAR	 <u><u>\$1,092,653</u></u>

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

LAKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30,2001

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

The financial statements of the Lake 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 Lake 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 (HIJD) to provide low and moderate income persons with safe and sanitary housing through subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate.

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

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

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

LAKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30,2001
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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

LAKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30,2001
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Investments

The provisions of the HUD Regulations restrict investments. Investments are valued at market value. Interest income earned in fiscal year ending June 30, 2001 totaled \$159,371.

Fixed Assets

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

Cash and Cash Equivalents

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

Compensated Absences

The Authority accounts for compensated absences in accordance with GASB Statement No. 16. Sick leave and other compensated absences with similar characteristics are accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments. To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. All employees who meet the termination policy of the Authority for years of service are included in the calculation of the compensated absence accrual amount.

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: (1) the employees' rights to receive compensation are attributable to services already rendered and are not contingent on a specific event

LAKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30,2001
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

that is outside the control of the employer and employee. (2) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

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

Capital Contributions

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

Budgetary Accounting

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

Estimates

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

NOTE 2: CASH AND INVESTMENTS

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

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

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

Category 3 – Uncollateralized.

LAKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30,2001
(CONTINUED)

NOTE 2: CASH AND INVESTMENTS (Continued)

Deposits, categorized by level of risk, are:

<u>DESCRIPTION</u>	<u>BANK BALANCE</u>	<u>CATEGORY</u>			<u>CARRYING AMOUNT</u>
		<u>1</u>	<u>2</u>	<u>3</u>	
Cash and Cash Equivalents	\$1,192,464	\$1,192,464	\$ -0-	\$ -0-	\$1,092,653
Cash – Restricted FSS					
Escrow	2,101	2,101	-0-	-0-	2,101
Investments	1,617,924	1,617,918	-0-	-0-	1,617,918
Total Deposits	\$2,812,489	\$2,812,489	\$ -0-	\$ -0-	\$2,712,672

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

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

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

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

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

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

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

LAKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30,2001
(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 ending June 30, 2001 the Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

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

NOTE 5: FIXED ASSETS

The following is a summary:

Land	\$ 850,320
Buildings	9,480,398
Furniture and Equipment	1,506,138
Construction in Progress	<u>212,609</u>
Total Fixed Assets	12,049,465
Accumulated Depreciation	<u>(5,223,023)</u>
 Net Fixed Assets	 <u><u>\$6,826,442</u></u>

The following is a summary of changes:

	<u>Balance</u>	<u>Additions</u>	<u>Deletion</u>	<u>Balance</u>
	<u>06/30/00</u>			<u>06/30/01</u>
Land	\$850,320	\$ -0-	\$ -0-	\$850,320
Buildings	9,233,384	247,014	-0-	9,480,398
Furniture and Equipment	1,250,786	255,352	-0-	1,506,138
Construction in Progress	<u>374,036</u>	<u>-0-</u>	<u>(161,427)</u>	<u>212,609</u>
Total Fixed Assets	<u>\$11,708,526</u>	<u>\$502,366</u>	<u>\$ (161,427)</u>	<u>\$12,049,465</u>

The depreciation expense for the year ended June 30, 2001 was \$710,623.

LAKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30,2001
(CONTINUED)

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

All employees participate in the Public Employees Retirement System of Ohio (PERS), a cost sharing multiple employer public employee retirement system administered by the Public Employee Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. 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. For calendar year 2000, PERS instituted a temporary employer rate rollback for state and local governments. The 2000 employer pension contribution rate for the Authority was 6.54 percent of cover payroll, reduced from 9.35 percent. In 2001 the required rate is back to 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 June 30, 2001, 2000 and 1999 were \$63,615, \$63,268, and \$57,617, respectively. The full amount has been contributed for 2000 and 1999. Ninety-one percent has been contributed for 2001, with the remainder being reported as a liability with the enterprise fund.

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

The Public Retirement System of Ohio (PERS) provides post-retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of post-retirement health care based on authority granted by State statute. The 2000 employer contribution rate was 10.84 percent of covered payroll; 4.30 percent was the portion that was used to fund health care for 2000. For 1999, the contribution rate was 13.55 percent of covered payroll; 4.2 percent was the portion that was used to fund health care.

LAKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30,2001
(CONTINUED)

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

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 1999, include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually for inflation (assuming no change in the number of active employees) and an additional increase in total payroll of between .54 percent and 5.1 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.75 percent annually.

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

The number of active contributing participants was 401,339. The Authority's actual contributions for 2000-2001, which were used to fund OPEB, were \$52,957. The actual contribution and the required contribution amounts are the same. PERS's net assets available for payments of benefits at December 31, 1999, (the latest information available) were \$10,805.5 million. The actuarially accrued liability and the unfunded actuarial accrued liability were \$12,473.6 million and \$1,668.1 million, respectively.

For 2000, PERS elected to return to an actuarially pre-funded type of disclosure because it is a better presentation of PERS's actual funding methodology. Since 1997, disclosures had been based on a pay-as-you-go funding basis.

NOTE 9: CHANGES IN ACCOUNTING PRINCIPLES

Clermont Metropolitan Housing Authority has implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and GASB Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues". GASB Statement No. 33 establishes accounting and financial reporting standards about when (in which fiscal year) to report the result of nonexchange transactions. GASB Statement No. 36 supercedes paragraph 28 of GASB Statement No. 33. GASB Statement No. 36 eliminates the timing difference for shared revenues by requiring recipients governments to account for the sharing of revenues

LAKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30,2001
(CONTINUED)

NOTE 9: CHANGES IN ACCOUNTING PRINCIPLES (Continued)

in the same manner as provider governments to account for the sharing of revenue in the same manner as provider governments. The implementation of GASB Statement No. 33 and GASB Statement No. 36 had no effect on fund balance as it was previously reported.

Lake Metropolitan Housing Authority
 Combined Balance Sheet
 FDS Schedule Submitted To REAC
 Proprietary Fund Type – Enterprise Fund
 June 30, 2001

FDS Line Item No.	Account Description	Low Rent 14.850	Sect. 8 Rental		Sect. 8 New Construction Program 14.182	CIAP 14.852	Development 14.850	State & Local	TOTAL
			Voucher Program 14.855	Certificate Program 14.857					
ASSETS:									
CURRENT ASSETS:									
Cash:									
111	Cash – unrestricted	\$137,565	\$-	\$813,645	\$141,443	\$-	\$-	\$-	\$1,092,653
113	Cash – other restricted	-	2,101	-	-	-	-	-	2,101
100	Total cash	137,565	2,101	813,645	141,443	-	-	-	1,094,754
Accounts and notes receivables:									
122	Accounts receivable – HUD other projects	-	20,156	-	5,922	-	-	-	26,078
124	Accounts receivable – other governments	-	-	-	-	-	-	-	-
125	Accounts receivable – miscellaneous	3,875	13,997	37,132	-	-	-	-	55,004
126	Accounts receivable – tenant dwelling rent	21,372	-	-	-	-	-	-	21,372
126	Allowance for doubtful accounts	(4,000)	-	-	-	-	-	-	(4,000)
129	Accrued interest receivable	18,067	14,378	27,120	7,514	-	-	10,809	77,888
120	Total receivables, net of allowances for doubtful accounts	39,314	48,531	64,252	13,436	-	-	10,809	176,342
131	Investments – unrestricted	415,715	611,599	301,235	102,974	-	-	186,395	1,617,918
142	Prepaid expenses and other assets	15,137	4,007	-	-	-	-	-	19,144
144	Interprogram due from	8,447	-	108,902	-	-	-	-	117,349
150	TOTAL CURRENT ASSETS	616,178	666,238	1,288,034	257,853	-	-	197,204	3,025,507

Lake Metropolitan Housing Authority
 Combined Balance Sheet
 FDS Schedule Submitted To REAC
 Proprietary Fund Type – Enterprise Fund
 June 30, 2001

FDS Line Item No.	Account Description	Low Rent 14.850	Sect. 8 Rental Voucher Program 14.855	Certificate Program 14.857	Sect. 8 New Construction Program 14.182	CIAP 14.852	Development 14.850	State & Local	TOTAL
NONCURRENT ASSETS:									
Fixed assets:									
161	Land	850,320	-	-	-	-	-	-	850,320
162	Buildings	9,480,398	-	-	-	-	-	-	9,480,398
163	Furniture, equipment & machinery – dwellings	229,082	-	-	-	-	-	-	229,082
164	Furniture, equipment & machinery – administration	1,095,158	-	130,854	51,044	-	-	-	1,277,056
166	Accumulated depreciation	(5,082,063)	-	(90,066)	(50,894)	-	-	-	(5,223,023)
167	Construction in progress	-	-	-	-	204,464	8,145	-	212,609
160	Total fixed assets, net of accumulated depreciation	6,572,895	-	40,788	150	204,464	8,145	-	6,826,442
180	TOTAL NONCURRENT ASSETS	6,572,895	-	40,788	150	204,464	8,145	-	6,826,442
190	TOTAL ASSETS	\$7,189,073	\$666,238	\$1,328,822	\$258,003	\$204,464	\$8,145	\$197,204	\$9,851,949
LIABILITIES AND EQUITY:									
LIABILITIES									
CURRENT LIABILITIES									
312	Accounts payable < 90 days	\$ 26,999	\$-	\$-	\$-	\$-	\$-	\$-	\$ 26,999
313	Account payable > 90 days past due	-	-	-	327	-	-	-	327
321	Accrued wages and payroll taxes payable	9,722	7,274	3,582	-	-	-	-	20,578
322	Accrued compensated absences	24,290	12,490	6,151	698	-	-	-	43,629

Lake Metropolitan Housing Authority
 Combined Balance Sheet
 FDS Schedule Submitted To REAC
 Proprietary Fund Type – Enterprise Fund
 June 30, 2001

FDS Line Item No.	Account Description	Low Rent 14.850	Sect. 8 Rental		Sect. 8 New Construction Program 14.182	CIAP 14.852	Development 14.850	State & Local	TOTAL
			Voucher Program 14.855	Certificate Program 14.857					
331	Accounts payable - HUD PHA program	-	-	-	26,937	-	-	-	26,937
333	Accounts payable - other government	108,094	-	-	-	-	-	-	108,094
341	Tenant security deposit	36,535	-	-	-	-	-	-	36,535
342	Deferred revenue	107,589	477,207	-	-	-	-	-	584,796
345	Other current liabilities	56,710	2,101	-	-	-	-	-	58,811
347	Interprogram due to	-	108,902	8,447	-	-	-	-	117,349
300	TOTAL LIABILITIES	369,939	607,974	18,180	27,962	-	-	-	1,024,055
	EQUITY:								
	Contributed Capital:								
504	Net HUD PHA contributions	6,681,717	-	-	136,806	204,464	8,145	-	7,031,132
507	Other contributions	-	-	-	-	-	-	-	-
508	Total contributed capital	6,681,717	-	-	136,806	204,464	8,145	-	7,031,132
512	Undesignated fund balance/retained earnings	137,417	58,264	1,310,642	93,235	-	-	197,204	1,796,762
513	TOTAL EQUITY	6,819,134	58,264	1,310,642	230,041	204,464	8,145	197,204	8,827,894
600	TOTAL LIABILITIES AND EQUITY	\$7,189,073	\$666,238	\$1,328,822	\$258,003	\$204,464	\$8,145	\$197,204	\$9,851,949

Lake Metropolitan Housing Authority
Combining Statement of Revenue, Expenses and Change In Retained Earnings
FDS Schedule Submitted to REAC
Proprietary Fund Type – Enterprise Fund
Year Ended June 30, 2001

FDS Line Item No.	Account Description	Low Rent 14.850	Sect. 8 Rental		Sect. 8 New Construction Program 14.182	CIAP 14.852	Development 14.850	State & Local	TOTAL
			Voucher Program 14.855	Certificate Program 14.857					
REVENUE:									
703	Net tenant rental revenue	\$422,838	\$-	\$-	\$-	\$-	\$-	\$-	\$422,838
704	Tenant revenue - other	8,068	-	-	-	-	-	-	8,068
706	HUD PHA grants	304,466	3,881,167	754,953	397,920	390,287	8,145	-	5,736,938
711	Investment income - unrestricted	27,549	-	105,253	15,760	-	-	10,809	159,371
714	Fraud recovery	-	1,795	-	-	-	-	-	1,795
715	Other revenue	8,870	-	-	-	-	-	-	8,870
716	Gain/loss on sale of fixed assets	(10,019)	-	-	-	-	-	-	(10,019)
720	Investment income - restricted	-	-	-	-	-	-	-	-
700	TOTAL REVENUE	761,772	3,882,962	860,206	413,680	390,287	8,145	10,809	6,327,861
EXPENSES:									
Administrative:									
911	Administrative salaries	120,166	163,779	80,667	7,435	-	-	-	372,047
912	Auditing fees	5,054	3,386	1,668	504	-	-	-	10,612
914	Compensated absences	-	-	-	-	-	-	-	-
915	Employee benefit contributions- administrative	66,830	47,931	23,608	848	-	-	-	139,217
916	Other operating- administrative	60,752	44,586	21,959	2,926	20,915	-	-	151,138

Lake Metropolitan Housing Authority
Combining Statement of Revenue, Expenses and Change In Retained Earnings
FDS Schedule Submitted to REAC
Proprietary Fund Type – Enterprise Fund
Year Ended June 30, 2001

FDS Line Item No.	Account Description	Low Rent 14.850	Sect. 8 Rental		Sect. 8 New Construction Program 14.182	CIAP 14.852	Development 14.850	State & Local	TOTAL
			Voucher Program 14.855	Certificate Program 14.857					
	Utilities:								
931	Water	13,832	18	9	-	-	-	-	13,859
932	Electricity	107,375	353	174	-	-	-	-	107,902
933	Gas	39,644	-	-	-	-	-	-	39,644
938	Other utilities	28,782	21	10	-	-	-	-	28,813
	Ordinary maintenance & operation:								
941	Ordinary maintenance and operations - labor	118,697	-	-	-	-	-	-	118,697
942	Ordinary maintenance and operations - materials and other	49,101	1,469	724	-	-	-	-	51,294
943	Ordinary maintenance and operations - contract costs	76,372	8,491	4,183	-	-	-	-	89,046
952	Protective services - other contract costs	20,831	-	-	-	-	-	-	20,831
	General expenses:								
961	Insurance premiums	23,159	4,501	2,217	-	-	-	-	29,877
962	Other general expenses	13,697	1,246	614	-	-	-	-	15,557
963	Payments in lieu of taxes	24,127	-	-	-	-	-	-	24,127
969	TOTAL OPERATING EXPENSES	768,419	275,781	135,833	11,713	20,915	-	-	1,212,661
970	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	(6,647)	3,607,181	724,373	401,967	369,372	8,145	10,809	5,115,200

Lake Metropolitan Housing Authority

FDS Schedule Submitted to REAC
 Proprietary Fund Type – Enterprise Fund
 Year Ended June 30, 2001

FDS Line Item No.	Account Description	Low	Sect. 8 Rental		Sect. 8 New	CIAP	Development	State & Local	TOTAL
		Rent 14.850	Voucher Program 14.855	Certificate Program 14.857	Construction Program 14.182				
971	Extraordinary maintenance	12,537	-	-	-	-	-	-	12,537
973	Housing assistance payments	-	3,560,623	591,634	372,706	-	-	-	4,524,963
974	Depreciation expense	688,063	-	17,460	5,100	-	-	-	710,623
900	TOTAL EXPENSES	1,469,019	3,836,404	744,927	389,519	20,915	-	-	6,460,784
1000	EXCESS (DEFICIENCY) OF TOTAL REVENUE OVER (UNDER) EXPENSES	(707,247)	46,558	115,279	24,161	369,372	8,145	10,809	(132,923)
1101	Capital outlay enterprise fund	-	-	-	-	-	-	-	-
1103	Beginning equity	7,239,320	8,722	1,198,347	205,880	374,036	-	-	9,026,305
1104	Prior period adjustments and equity transfers	287,061	2,984	(2,984)	-	(538,944)	-	186,395	(65,488)
	ENDING RETAINED EARNINGS	\$6,819,134	\$58,264	\$1,310,642	\$230,041	\$204,464	\$8,145	\$197,204	\$8,827,894

Lake Metropolitan Housing Authority
Combining Statement of Revenue, Expenses and Change In Retained Earnings
FDS Schedule Submitted to REAC
Proprietary Fund Type – Enterprise Fund
Year Ended June 30, 2001

FDS Line Item No.	Account Description	Low Rent 14.850	Sect. 8 Rental Voucher Program 14.855	Certificate Program 14.857	Sect. 8 New Construction Program 14.182	CIAP 14.852	Development 14.850	State & Local	TOTAL
MEMO ACCOUNT INFORMATION:									
1112	Depreciation "add back"	-	-	-	-	-	-	-	-
1113	Maximum annual contributions commitment (per ACC)	-	4,836,990	6,321	-	-	-	-	4,843,311
1114	Prorata maximum annual contributions applicable to a Period of less than Twelve Months	-	-	-	-	-	-	-	-
1115	Contingency reserve, ACC program reserve	-	929,833	764,885	1,346,249	-	-	-	3,040,967
1116	Total annual contributions available	-	5,766,823	771,206	1,346,249	-	-	-	7,884,278
1120	Unit months available	2,880	8,969	3,537	936	-	-	-	16,322
1121	Number of unit months leased	2,856	7,110	3,537	936	-	-	-	14,439

Lake Metropolitan Housing Authority
PHA's Statement and Certification of Actual Modernization Cost
June 30, 2001

Comprehensive Improvement Assistance Program Grant Number OH12P025911-98

1. The Actual Modernization Costs are as follows:

Operation	\$ 2,275
Administration	24,787
Fees and Costs	38,755
Site Improvement	5,300
Dwelling Equipment	174,980
Non Dwelling Structures	94,403
Relocation Costs	<u>20,000</u>
 TOTAL EXPENSES	 <u>\$ 360,500</u>
 TOTAL RECEIPTS	 <u>\$ 360,500</u>

2. All costs have been paid and there are no outstanding obligations.
3. The final evaluation report was signed and filed November 21, 2000.
4. The actual modernization cost certification was signed and filed on March 30, 2001.
5. The final costs on the certification agree to the Authority's records.

Lake Metropolitan Housing Authority
Schedule of Federal Award Expenditures
For the Year Ended June 30, 2001

FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES	CFDA NUMBER	EXPENDITURES
U.S. Department of Housing and Urban Development Direct Program		
Low Rent Public Housing	14.850	\$ 304,466
Development	14.850	<u>8,145</u>
Total Public Housing		<u>312,611</u>
Public Housing – Comprehensive Improvement Assistance Program	14.852	390,287
Section 8 Tenant Based Cluster:		
Section 8 Rental Voucher Program	14.855	3,881,167
Section 8 Rental Certificate Program	14.857	<u>754,953</u>
Total Section 8 Tenant Based Cluster		<u>4,636,120</u>
Section 8 Project Based Program		
Section 8 New Construction Program	14.182	<u>397,920</u>
Total Expenditure of Federal Award		<u>\$5,736,938</u>

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

Board of Directors
Lake Metropolitan Housing Authority

Regional Inspector General of Audit
Department of Housing and Urban
Development

I have audited the general purpose financial statements of the Lake Metropolitan Housing Authority, Ohio, as of and for the year ended June 30, 2001, and have issued my report thereon dated December 12, 2001. I conducted my audit in accordance with auditing standards generally accepted in the United State of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Lake Metropolitan Housing Authority, Ohio's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, I noted certain immaterial instances of noncompliance that I have reported to management of Lake Metropolitan Housing Authority, Ohio, in a separate letter dated December 12, 2001.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Lake Metropolitan Housing Authority, Ohio's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material

weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal component does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation the financial statements being auditing may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses. However, I noted other matters involving the internal control over financial reporting that I have reported to management of the Lake Metropolitan Housing Authority, Ohio, in a separate letter dated December 12, 2001.

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



Salvatore Consiglio
Certified Public Accountant

December 12, 2001

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SALVATORE CONSIGLIO, CPA, INC.

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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
Lake Metropolitan Housing Authority

Regional Inspector General of Audit
Department of Housing and Urban
Development

Compliance

I have audited the compliance of the Lake Metropolitan Housing Authority, Ohio, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2001. Lake Metropolitan Housing Authority, Ohio major federal programs are identified in the Summary of Auditor's result section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Lake Metropolitan Housing Authority, Ohio's management. My responsibility is to express an opinion on Lake Metropolitan Housing Authority, Ohio's compliance based on my audit.

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

In my opinion, Lake Metropolitan Housing Authority, Ohio, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001.

Internal Control Over Compliance

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

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

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



Salvatore Consiglio
Certified Public Accountant

December 12, 2001

Lake Metropolitan Housing Authority
 Schedule of Findings and Questioned Costs
 OMB Circular A-133 § .505
 June 30, 2001

1. SUMMARY OF AUDITOR'S RESULTS
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Type of Financial Statement Opinion	Unqualified
Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
Were there any material internal control weakness conditions reported for major federal programs?	No
Were there any other reportable internal control weakness conditions reported for major federal programs?	No
Type of Major Programs' Compliance Opinion	Unqualified
Are there any reportable findings under § .510?	No
Major Programs (list):	CFDA #14.850, 14.852, 14.855 and 14.857, 14.182 Low Rent, CIAP, Tenant Bases Cluster, Sect8 NC
Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All Others
Low Risk Auditee?	Yes

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
--

There are no Findings or questioned costs for the year ended June 30, 2001.

3. FINDINGS REALTED TO FEDERAL AWARDS
--

There are no Findings or questioned costs for the year ended June 30, 2001.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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LAKE METROPOLITAN HOUSING AUTHORITY

LAKE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 9, 2002**