

**MEDINA METROPOLITAN HOUSING AUTHORITY  
MEDINA, OHIO**

**REPORT ON EXAMINATION OF FINANCIAL  
STATEMENTS AND SUPPLEMENTAL DATA**

**Year Ended June 30, 2004**

**Laura J. MacDonald, CPA, Inc.  
3637 Medina Road, Suite F  
Medina, Ohio 44256**





**Auditor of State  
Betty Montgomery**

Board of Commissioners  
Medina Metropolitan Housing Authority  
850 Walter Road  
Medina, Ohio 44256-1515

We have reviewed the *Independent Auditor's Report* of Medina Metropolitan Housing Authority, Medina County, prepared by Laura J. MacDonald, CPA, Inc., for the audit period July 1, 2003 through June 30, 2004. 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. Medina Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

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

BETTY MONTGOMERY  
Auditor of State

May 23, 2005

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**MEDINA METROPOLITAN HOUSING AUTHORITY  
FINANCIAL STATEMENTS AND  
SUPPLEMENTAL DATA  
Year Ended June 30, 2004**

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Laura J. MacDonald, CPA, Inc.  
3637 Medina Road, Suite F  
Medina, Ohio 44256

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Medina Metropolitan Housing Authority  
Medina, Ohio

I have audited the accompanying basic financial statements of the Medina Metropolitan Housing Authority, (the Authority), as listed in the Table of Contents, as of and for the year ended June 30, 2004. These financial statements are the responsibility of the Medina Metropolitan Housing Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the basic 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 basic financial statements referred to above present fairly, in all material respects, the financial position of the Medina Metropolitan Housing Authority as of June 30, 2004, and the results of its operations and changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Authority has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of June 30, 2004.

In accordance with Government Auditing Standards, I have also issued a report dated March 28, 2004, on my consideration of the Medina Metropolitan Housing Authority's internal control over financial reporting and on 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 results of my audit.

Management's Discussion and Analysis (on pages 3 through 8), is not a required part of the basic financial statements, but is required supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

Board of Commissioners  
March 28, 2005  
Page 2

My audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. 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 Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. The information in this Schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Laura J. MacDonald, CPA, Inc.  
March 28, 2005



**MEDINA METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended June 30, 2004**

**General Information**

Management's Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Medina Metropolitan Housing Authority's (the Authority) financial activity, (c) identify changes in the Authority's financial position, and (d) identify individual fund issues or concerns.

Because Management's Discussion and Analysis (MD&A) is designed to focus on the current year activities, resulting changes, and currently known facts, it is intended to be read in conjunction with the Authority's financial statements (beginning on page 9).

**Financial Highlights**

The Authority's net assets decreased by \$8,979 during 2004. Net Assets reported by the Authority were \$7,256,828 and \$7,265,807 as of December 31, 2004 and 2003, respectively.

Revenues increased by \$510,141, from \$3,784,853 for the year ended June 30, 2003 to \$4,294,994 for the year ended June 30, 2004.

The total expenses of all Authority programs increased by \$639,592, from 3,664,381, for the year ended June 30, 2003 to 4,303,973, for the year ended June 30, 2004.

**USING THIS REPORT**

The Report includes the following sections:

- Management's Discussion and Analysis (MD&A)
- Basic Financial Statements
- Other Required Supplementary Information

The primary focus of the Authority's financial statements is on the Authority as a whole (Authority-wide).

**Authority-Wide Financial Statements**

The Authority-wide financial statements (pages 9 - 20) are designed to be corporate-like in that all business type activities are consolidated into an Authority-wide total.

These Statements include a Statement of Net Assets, which is similar to a Balance Sheet. The Statement of Net Assets reports all financial and capital resources for the Authority as of the Authority's fiscal year end. Assets and liabilities are presented in order of liquidity, and are classified as current (convertible into cash within one year), and non-current.

The focus of the Statement of Net Assets is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Assets are reported in three broad categories:

**MEDINA METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended June 30, 2004**

Net Assets, Invested in Capital Assets, Net of Related Debt: This component of net assets consists of all capital assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets: This component of net assets consists of assets which are restricted by outside entities, such as by creditors, grantors, contributors or other funding sources

Unrestricted Net Assets: This component of net assets consists of net assets that do not meet the definition of net assets invested in capital assets, net of related debt, or restricted net assets.

The Authority-wide financial statements also include a Statement of Revenues, Expenses and Changes in Fund Net Assets (similar to an Income Statement). This Statement includes operating revenues, consisting primarily of grant revenues and rental income, operating expenses, which include Housing Assistance Payments, administrative expenses, utilities, maintenance, and depreciation, and non-operating revenue and expenses, such as capital grant revenue, investment income and interest income.

The focus of the Statement of Revenues, Expenses and Changes in Fund Net Assets is to provide detail for the change in net assets, during the reporting period.

Finally, a Statement of Cash Flows is included, which explains the change in cash balances from the beginning of the reporting period to the end of the reporting period. The change in cash balances is summarized in three categories; cash from operating activities, non-capital financing activities, and from capital and related financing activities.

**THE AUTHORITY'S PROGRAMS**

The Authority's programs during the year then ended June 30, 2004, consisted of the following:

**Conventional Public Housing Program** – Under the Conventional Public Housing Program, the Authority rents authority-owned housing units to eligible low-income families or individuals. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides the Authority with an operating subsidy funding which allows the Authority to provide the housing at a rental rate that is based upon 30% of household income.

**Capital Fund** – The Capital Fund Program is the primary funding source for physical improvements to the Authority's property. Separate ACC's are executed for this annual allotment of funding. Modernization affected under this grant includes renovated apartments, improved energy efficiencies, and updated common spaces at the Authority-owned property.

**Housing Choice Vouchers Program** – Under the Housing Choice Vouchers Program, the Authority administers contracts with independent landlords that own rental property for use by eligible families. The Authority subsidizes the families' rent through a monthly Housing Assistance Payment (HAP) made to the landlord. The program is administered under an ACC with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure contracts that set rents at 30% of household income.

**MEDINA METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended June 30, 2004**

**Section 8 - New Construction** – Union Square Apartments is a privately owned and operated multi-family property funded by HUD through the Section 8 New Construction Program. The Authority receives a fee to serve as the Contract Administrator on behalf of HUD for Union Square Apartments. A separate ACC is executed for this program.

**State/Local** – The Authority manages two properties under a management agreement with the Medina County Alcohol, Drug Addiction, and Mental Health (ADAMH) Board, (Washington Place and Northland Place). The Authority also administers the State of Ohio Department of Mental Health (ODMH) HAP program in Medina County. This is also done in conjunction with the Medina County ADAMH Board.

**Business Activities** – Business Activities includes a variety of State and Local programs and services. Included in Business Activities are:

State of Ohio Housing Trust Fund – The Authority administers Emergency Housing Assistance Grants with funding from the Ohio Housing Trust Fund. This Emergency Housing Assistance Program was managed as part of a service contract with the Medina County ADAMH Board.

Service Contracts – The Authority provides a variety of management services for certain related entities. These entities include the Wadsworth Housing Development Corporation (WHDC), the Brunswick Housing Development Corporation (BHDC), and the Brunswick Apartments Limited Partnership (BALP).

Interest Income – The Authority manages its surplus cash in compliance with HUD and State of Ohio guidelines. The interest income derived from the investment of surplus cash is also invested.

**AUTHORITY-WIDE STATEMENTS**

The following table reflects the condensed Statement of Net Assets compared to the prior year. The Authority is engaged only in Business-Type Activities.

**TABLE 1**  
**STATEMENT OF NET ASSETS**

	<b>2004</b>	<b>2003</b>
Current and non-current assets	\$5,981,119	\$6,211,380
Capital assets, net of accumulated depreciation	<u>1,546,076</u>	<u>1,533,287</u>
Total assets	<u>\$7,527,195</u>	<u>\$7,744,667</u>
Current liabilities	\$114,828	\$352,621
Non-current liabilities	<u>155,539</u>	<u>126,239</u>
Total liabilities	\$270,367	\$478,860
Net assets:		
Invested in capital assets,		
Net of related debt	\$1,546,076	\$1,533,287
Unrestricted	<u>5,710,752</u>	<u>5,732,520</u>
Total liabilities and net assets	<u>\$7,527,195</u>	<u>\$7,744,667</u>

**MEDINA METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended June 30, 2004**

Current and non-current assets decreased \$230,261 from June 30, 2003 to June 30, 2004 due primarily to changes in the timing of cash receipts and disbursements.

Total liabilities decreased \$208,493 due to there being no payable to HUD in the Housing Choice Voucher program as of June 30<sup>th</sup>, offset by an increase in the FSS Escrow liability.

Capital assets net of accumulated depreciation increased by \$12,789 due to current year additions and increases in construction in progress offset by current year depreciation.

Table 2 presents details on the change in Unrestricted Net Assets

**TABLE 2**

**CHANGE IN UNRESTRICTED NET ASSETS**

Unrestricted net assets at June 30, 2003	\$5,732,510
Capital assets additions, not funded by capital grants	(48,155)
Current year income, excluding depreciation	<u>26,397</u>
Unrestricted net assets at June 30, 2004	<u><u>\$5,710,752</u></u>

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Assets provides a clearer picture of the change in financial well-being.

The following table reflects the condensed Statement of Revenues, Expenses and Changes in Net Assets for the years ended December 31, 2004 and 2003:

**TABLE 3**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

	<u>2004</u>	<u>2003</u>
Revenues		
Tenant Revenue – rents and other	\$ 267,116	\$ 250,118
Government Operating Grants	3,684,838	3,218,715
Other Revenues	152,789	89,066
Interest and investment revenue	123,086	118,620
Capital Grants	<u>67,165</u>	<u>108,334</u>
Total revenue	\$4,294,994	\$3,784,853
Expenses		
Administrative	\$ 673,605	\$ 543,393
Utilities	117,856	111,661
Maintenance	195,734	164,215
General	48,212	36,901
Housing Assistance Payments	3,166,025	2,715,323
Depreciation	<u>102,541</u>	<u>92,888</u>
Total expenses	<u>\$4,303,973</u>	<u>\$3,664,381</u>
Increase (decrease) in net assets	<u>(\$ 8,979)</u>	<u>\$ 120,472</u>

**MEDINA METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended June 30, 2004**

**Major Factors Affecting the Statement of Revenue, Expenses and Changes In Net Assets**

Government operating grants increased \$466,123 due almost exclusively to increased HAP contributions from HUD. Other revenue increased \$63,723 due to space utilization fees recognized by Business Activities, charged against Low Rent Public Housing and Housing Choice Vouchers, and development fees earned by Business Activities for the rehabilitation of homes for BHDC's Home Place program.

Total expenses increased \$639,592. Approximately 66% of this increase resulted from an increase in housing assistance payments. The balance was comprised of the above mentioned space utilization fees, increases in salaries and benefits due to increases in pay rates, and staff additions, and overall increases in utilities, maintenance, and other expenses.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of December 31, 2004, the Authority had \$1,546,076 invested in a variety of capital assets as reflected in the following schedule, which represents a net increase (additions, deductions and depreciation) of \$12,789 from December 31, 2003.

**TABLE 4**

**CAPITAL ASSETS AT YEAR-END  
(NET OF DEPRECIATION)**

	<b><u>2004</u></b>	<b><u>2003</u></b>
Land, buildings and improvements	2,796,314	2,793,625
Equipment – Administrative	279,154	237,742
Equipment – Dwelling	98,779	94,715
Leasehold Improvements	17,364	17,364
Accumulated Depreciation	(1,930,005)	(1,827,464)
Construction In Progress	<u>284,470</u>	<u>217,305</u>
Total	<b><u>\$1,546,076</u></b>	<b><u>\$1,533,287</u></b>

The following reconciliation summarizes the change in Capital Assets, which is presented in detail in Table 4 above.

**TABLE 5**

**CHANGE IN CAPITAL ASSETS**

Beginning Balance, July 1,2003	\$1,533,287
Additions	115,330
Depreciation and Amortization	<u>(102,541)</u>
Ending Balance, June30,2004	<b><u>\$1,546,076</u></b>

**MEDINA METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended June 30, 2004**

Major capital assets additions for 2004 include:

Business – Type Activities

Remodeling of residential housing units	\$67,165
Van	18,241
Network server	13,926

**Debt Outstanding**

As of December 31, 2004, the Authority had no debt outstanding.

**ECONOMIC FACTORS**

Significant economic factors affecting the Authority include the following:

- Federal funding provided by the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends
- Inflationary pressure on utility rates, supplies and other costs

**FINANCIAL CONTACT**

The individual to be contacted regarding this report is Tom Czech, Finance Director of the Medina Metropolitan Housing Authority. Specific requests may be submitted to Mr. Czech's attention at 850 Walter Road; Medina, Ohio 44256-1515 or [tom@mmha.org](mailto:tom@mmha.org). His telephone number is 330-725-7531, extension 236.

**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUND TYPE**  
**- ENTERPRISE FUND**  
**June 30, 2004**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 666,757	
Accounts receivable:		
Governmental agencies	71,885	
Tenants, net of allowances of \$3,328	1,454	
Related entities	826,120	
Current portion of notes receivable	39,106	
Other current assets	<u>16,934</u>	\$ 1,622,256

**RESTRICTED DEPOSITS**

Cash, restricted for tenant security deposits	25,281	
Cash, restricted for Family Self Sufficiency Program	<u>155,372</u>	180,653

**CAPITAL ASSETS**

Land, buildings and improvements	2,796,314	
Furniture, equipment and machinery	377,933	
Leasehold improvements	<u>17,364</u>	
	3,191,611	
Less accumulated depreciation	<u>(1,930,005)</u>	
	1,261,606	
Construction in progress	<u>284,470</u>	1,546,076

**NOTES RECEIVABLE - RELATED ENTITIES, NET OF  
CURRENT PORTION**

<u>4,178,210</u>	
<u>\$ 7,527,195</u>	

Please refer to accompanying notes.

**LIABILITIES**

**CURRENT LIABILITIES**

Accounts payable:

Trade	\$	11,213	
HUD		18,342	
Other government		11,727	
Tenant security deposits		25,281	
Accrued wages and payroll taxes		18,909	
Compensated absences payable		27,047	
Deferred credits and other liabilities		2,309	
		<u>          </u>	

\$ 114,828

**LONG-TERM LIABILITIES**

Escrow deposits for Family Self Sufficiency Program

155,539

270,367

**NET ASSETS**

Invested in capital assets, net of related debt	1,546,076	
Restricted net assets	-	
Unrestricted net assets	<u>5,710,752</u>	

7,256,828

**TOTAL LIABILITIES AND NET ASSETS**

\$ 7,527,195



**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUND TYPE - ENTERPRISE FUND**  
**Year Ended June 30, 2004**

**OPERATING REVENUES**

Tenant revenue	\$ 267,116
Government operating grants	3,684,838
Other revenue	<u>152,789</u>

\$ 4,104,743

**OPERATING EXPENSES**

Administrative	673,605
Utilities	117,856
Maintenance	195,734
General	48,212
Housing assistance payments	<u>3,166,025</u>

4,201,432

**OPERATING INCOME (LOSS)  
BEFORE DEPRECIATION**

(96,689)

**DEPRECIATION**

(102,541)

**OPERATING INCOME (LOSS)**

(199,230)

**NON-OPERATING REVENUES**

Interest and investment revenue	123,086
Capital grant revenue	<u>67,165</u>

190,251

**DECREASE IN NET ASSETS**

(8,979)

**NET ASSETS - BEGINNING OF YEAR**

7,265,807

**NET ASSETS - END OF YEAR**

\$ 7,256,828

Please refer to accompanying notes.

**MEDINA METROPOLITAN HOUSING AUTHORITY  
 COMBINED STATEMENT OF CASH FLOWS -  
 PROPRIETARY FUND TYPE  
 - ENTERPRISE FUND  
 Year Ended June 30, 2004**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash receipts			
Tenant receipts	\$	311,290	
Government grant receipts		3,660,574	
Other receipts		<u>157,105</u>	
			4,128,969
Cash disbursements			
Administrative		684,604	
Utilities		117,856	
Maintenance		195,350	
General		51,858	
Housing Assistance Payments		3,166,025	
FSS and tenant security deposits		<u>4,150</u>	
			<u>4,219,843</u>
		<b>NET CASH USED BY OPERATING ACTIVITIES</b>	(90,874)

**CASH FLOWS FROM NON-CAPITAL FINANCING  
 ACTIVITIES**

-

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

Acquisition of capital assets			(115,330)
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**CASH FLOWS FROM INVESTING ACTIVITIES**

Additions to notes receivable		(50,000)	
Payments on Notes receivable		29,320	
Interest income		<u>34,268</u>	

**NET CASH PROVIDED BY  
 INVESTING ACTIVITIES**

13,588

**NET DECREASE IN CASH**

(192,616)

**UNRESTRICTED CASH AND CASH EQUIVALENTS  
 AT BEGINNING OF YEAR**

859,373

**UNRESTRICTED CASH AND CASH EQUIVALENTS  
 AT END OF YEAR**

\$ 666,757

Please refer to accompanying notes.

**MEDINA METROPOLITAN HOUSING AUTHORITY  
 COMBINED STATEMENT OF CASH FLOWS -  
 PROPRIETARY FUND TYPE  
 - ENTERPRISE FUND  
 Year Ended June 30, 2004**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Decrease in net assets	\$ (8,979)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:	
Depreciation	102,541
Interest income	(123,086)
(Increase) decrease in assets:	
Accounts receivable	115,374
Other current assets	(1,520)
Tenant security deposits	(4,316)
Deposits restricted for Family Self Sufficiency Program	(31,338)
Increase (decrease) in liabilities:	
Accounts payable	(190,115)
Tenant security deposits	4,316
Accrued wages and compensated absences	16,870
Deferred credits and other liabilities	(2,126)
Escrow deposits for Family Sufficiency Program	<u>31,505</u>

**NET CASH USED BY  
 OPERATING ACTIVITIES**

**\$ (90,874)**

Please refer to accompanying notes.

**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2004**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The Medina Metropolitan Housing Authority (the Authority) is a political subdivision of the State of Ohio, created under Section 3735.27 of the Ohio Revised Code. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide safe and sanitary housing for people in low to moderate income brackets, through rent subsidies provided by HUD.

**Fund Accounting**

The Authority uses fund accounting to segregate activity by program. All funds of the Authority are of the proprietary fund type and are classified as enterprise funds. Enterprise funds are used to account for programs that are operated in a manner similar to private business enterprises and are based on the flow of economic resources measurement focus. During the year ended June 30, 2004, the Authority maintained separate funds for the Low Rent Public Housing Program, the Public Housing Capital Fund Program, the Housing Choice Vouchers Program, the Section 8 New Construction Program, various State and Local Programs and Business Activities. The Authority operates as a primary governmental entity and has no component units as described in Statement No. 14 of the Governmental Accounting Standards Board (GASB).

**Accounting Basis**

The financial statements of the Authority have been prepared on the accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America, as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental and financial reporting principles.

In accordance with GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, the Authority has adopted a new financial reporting model as of June 30, 2004. This new financial reporting model requires the Authority to include a “Management’s Discussion and Analysis” section in the audited financial statements, along with requiring certain changes in the format of the accompanying financial statements. Other than these items, the implementation of GASB 34 had no significant affect on the financial statements.

In accordance with 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 applicable to proprietary funds as well as Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, as long as they do not conflict with or contradict GASB pronouncements.

**Budgetary Accounting**

The Authority prepares an annual 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 Commissioners of the Housing Authority.

**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2004**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

**Accounting and Reporting for Non-exchange Transactions**

The Authority accounts for non-exchange transactions in accordance with Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*. Non-exchange transactions occur when the Authority receives (or gives) value without directly giving (or receiving) equal value in return.

In conformity with the requirements of GASB 33, the Authority recognizes grant funds expended for capitalizable fixed assets as revenue in the accompanying Statement of Revenue, Expenses, and Changes in Fund Net Assets.

**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:

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.

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.

**Cash and Investments**

Investment procedures are restricted by HUD regulations and by the provisions of the Ohio Revised Code. Purchased investments are valued at cost.

HUD Handbook 7475.1, Chapter 4, Section 1 authorizes the Authority to make investments in:

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

**MEDINA METROPOLITAN HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2004**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

The Authority's cash and investment balances with banks as of June 30, 2004 were as follows:

<u>Annual Contribution Contract</u>	<u>Bank Balance</u>	<u>Book Balance</u>	<u>Market Value</u>
Section 8 New Construction	\$ 71,687	\$ 71,687	\$ 71,687
Housing Choice Vouchers	339,576	339,576	339,576
Low Rent Public Housing	134,462	134,582	134,582
State and Local Funds	52,387	50,555	50,555
Business Activities	<u>303,392</u>	<u>251,010</u>	<u>251,010</u>
	<u>\$901,504</u>	<u>\$847,410</u>	<u>\$847,410</u>

As of June 30, 2004, the bank balance consisted of \$230,853 in demand deposits, \$560,651 in certificates of deposit and \$110,000 in government securities. Of this amount, \$100,000 was collateralized by Federal Depository Insurance and the remaining \$801,504 was collateralized with specific government securities pledged by banks.

**Restricted Cash**

Tenant security deposits and deposits associated with the operation of the Family Self Sufficiency Program are required to be held in separate accounts and generally are not available for operating purposes.

**Property and Equipment**

Property and equipment is stated at cost. Renewals and betterments are capitalized. The costs of maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

Land improvements	20 years
Buildings and building improvements	40 years
Furniture, equipment and machinery	5 years
Leasehold improvements	20 years

**Use of Estimates**

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Actual results could vary from those estimates.

**Statement of Cash Flows**

The Statement of Cash Flows is presented in accordance with GASB Statement No. 9. The Authority considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents consist of certificates of deposit and government securities at June 30, 2004.

There were no cash payments for interest or income taxes during the year ended June 30, 2004.

**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2004**

**NOTE 2 – RELATED PARTY TRANSACTIONS**

The Wadsworth Housing Development Corporation (WHDC) and the Brunswick Housing Development Corporation (BHDC), are both non-profit corporations. WHDC owns Wadsworth Tower, a federally-assisted, elderly housing complex located in Wadsworth, Ohio. BHDC is a general partner in Brunswick Apartments Limited Partnership (BALP), which owns Southwick Place. The BHDC also owns Jefferson Place, Home Place, and New Manhattan Place. Southwick Place, Jefferson Place and New Manhattan Place are all affordable housing complexes located in Medina County, Ohio. Home Place consists of a number of affordable housing single family homes and condominiums also located in Medina County, Ohio. The Authority serves as the management agent for each of these entities. WHDC and BHDC operate autonomously and each of these entities is governed by its own separate Board of Directors (independent of the MMHA). Transactions between the Authority and these entities are summarized below and also in Notes 3 and 6.

The various Property Management Agreements provide that management fees be paid to the Authority's Business Activities Fund. Management fee revenue includes revenues earned of \$50,653 for Wadsworth Tower, \$15,871 for Southwick Place, \$9,261 for New Manhattan Place, \$6,069 for Jefferson Place, \$3,165 for Washington Place, \$10,190 for Creative Housing, \$9,600 for State HAP and \$1,050 for Northland Place and has been included in "other revenue" in the accompanying Statements of Revenues, Expenses and Changes in Fund Net Assets.

**NOTE 3 – ACCOUNTS RECEIVABLE – RELATED ENTITIES**

Accounts receivable – related entities consists of the following as of June 30, 2004:

<u>Description</u>	<u>Amount</u>
Reimbursement of operating expenses for related entities:	
New Manhattan Place	\$ 119,711
Housing Trust Fund	500
Southwick Place	240,764
Wadsworth Tower	50,671
Home Place	294,009
Jefferson Place	67,108
Brunswick Apartments Limited Corp.	18,194
Creative Housing	<u>35,163</u>
	<u>\$ 826,120</u>

**NOTE 4 – CONSTRUCTION IN PROGRESS**

The Construction in Progress account balance, which totaled \$284,470 at June 30, 2004, consists of several projects to modernize apartments, renovate various common use areas, and replace equipment, machinery and appliances. There are no significant outstanding construction commitments associated with these projects as of June 30, 2004.

**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2004**

**NOTE 5 – INSURANCE COVERAGE**

As of June 30, 2004, the Authority had general liability insurance limits of \$6,000,000 (each occurrence) with no annual aggregate; director and officer liability coverage of \$6,000,000 per loss and in the aggregate; vehicle liability coverage of \$6,000,000; and commercial property coverage of \$6,000,000 per occurrence, blanket limit, and \$35,000,000 excess limit which is subject to declared property values.

Insurance settlements have not exceeded available coverage limits during each of the years ended June 30, 2004, 2003 and 2002.

**NOTE 6 – NOTES RECEIVABLE – RELATED ENTITIES**

Notes receivable – related entities consists of the following as of June 30, 2004:

Mortgage note receivable from Brunswick Apartments Limited Partnership (BALP) with interest at 4% per annum, to be received by the Authority as the income and cash flow of BALP permits, with the entire remaining outstanding balance payable to the Authority on May 20, 2009; secured by an open end mortgage on Southwick Place	\$2,422,801
Mortgage note receivable from Brunswick Housing Development Corporation (BHDC) with interest at 2% per annum; payable in monthly installments of \$5,040 through February, 2014, when any remaining balance is due, secured by new Manhattan Place	1,385,395
Mortgage note receivable from Brunswick Housing Development Corporation (BHDC) with interest at 2% per annum; payable in monthly installments of \$1,338 through February, 2014, when any remaining balance is due, secured by new Jefferson Place	359,120
Mortgage note receivable from Brunswick Housing Development Corporation (BHDC) with interest at 2% per annum; payable in monthly installments of \$83; secured by 515 Bronson	<u>50,000</u>
	4,217,316
Less current portion	<u>(39,106)</u>
	<u>\$4,178,210</u>



**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2004**

**NOTE 7 – DEFINED BENEFIT PENSION PLAN**

All full-time employees of the Authority participate in the Ohio Public Employees Retirement System (OPERS), which is a cost-sharing, multiple-employer defined benefit pension plan administered by the Public Employees Retirement Board. OPERS provides for retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. The authority to establish and amend benefits is provided by state statutes per Chapter 145 of the Ohio Revised Code. OPERS issues a publicly available financial report. The report may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

The Ohio Revised Code provides statutory authority for employee and employer contributions. 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 13.55 percent.

The Authority's contributions to OPERS for the years ended June 30, 2004, 2003 and 2002 were \$63,424 \$53,830 and \$43,750, respectively. For these years the Authority's contribution amounts were equal to the total dollar amount billed to the Authority by OPERS.

**NOTE 8 – POSTEMPLOYMENT BENEFITS**

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan (which is a cost-sharing, multiple-employer defined benefit pension plan); the Member-Directed Plan (which is a defined contribution plan) and the Combined Plan (which is a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan). OPERS provides post-retirement disability, survivor and health care benefits to age and service retirees with ten or more years of qualifying Ohio service credit to qualifying members of both the Traditional and the Combined Plans; however, health care benefits are not statutorily guaranteed. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. Health care coverage for disability and primary survivor recipients is also available. The health care coverage provided by PERS is considered an "Other Post-employment Benefit" (OPEB) as described in GASB Statement No. 12, *Disclosure of Information on Post-employment Benefits Other Than Pension Benefits by State and Local Governmental Employers*. A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care based on authority granted by State statute. The employer contribution rate for 2004 was 13.55 percent of covered payroll, and 4 percent was the portion used to fund health care.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS.

The assumptions and calculations outlined below were based on the System's latest actuarial review, which was performed as of December 31, 2003. These assumptions are as follows:

**Funding Method** – An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of the unfunded actuarial accrued liability.

**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2004**

**NOTE 8 – POSTEMPLOYMENT BENEFITS (Continued)**

**Assets Valuation Method** – All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets.

**Investment Return** – The investment assumption rate for 2003 was 8.00%.

**Active Employee Total Payroll** – An annual increase of 4.00% compounded annually, is the base portion of the individual pay increase assumption. This assumed no change in the number of active employees. Additionally, annual pay increases, over and above the 4.00% base increase, were assumed to range from 0.50% to 6.30%.

**Health Care** – Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1% to 6% for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase at 4% (the projected wage inflation rate).

Other Postemployment Benefits are advance-funded on an actuarially determined basis. At December 31, 2004, the total number of active contributing participants was 369,885. As of December 31, 2003, the actuarial value of net assets available for future OPEB payments was approximately \$10.5 billion. The actuarially accrued liability and the unfunded actuarially accrued liability based on the actuarial cost method used, were \$26.9 billion and \$16.4 billion, respectively. The Authority's approximate contribution for 2004, which was used to fund OPEB, was \$18,723.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

**NOTE 9 – COMPENSATED ABSENCES**

Employees earn 2-5 weeks of annual vacation leave per calendar year, based on years of service. Annual leave may be taken after 1 year of employment. Annual leave may not be accumulated unless approved by the Executive Director. As of June 30, 2004, the accrual for compensated absences totaled \$27,047.

**NOTE 10 - CHANGE IN ACCOUNTING PRINCIPLE**

The Authority adopted GASB 34 during its fiscal year ended June 30, 2004. The implementation of GASB 34 had no effect on the total net assets of the Authority, although certain reclassifications were necessary within the net asset group of accounts.

**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2004**

**NOTE 10 - CHANGE IN ACCOUNTING PRINCIPLE (Continued)**

The activity in the Authority's net asset accounts is summarized below:

	<u>Contributed Capital</u>	<u>Retained Earnings</u>	<u>Capital Assets Net of Debts</u>	<u>Unrestricted Net Assets</u>	<u>Total</u>
Beginning Balance, July 1, 2003	\$ 324,618	\$6,941,189	-	-	\$7,265,807
Reclassification - GASB 34	<u>(324,618)</u>	<u>(6,941,189)</u>	<u>1,533,297</u>	<u>5,732,510</u>	<u>-</u>
Restated Beginning Balance	-	-	1,533,297	5,732,510	7,265,807
Operating income before depreciation	-	-	-	(96,689)	(96,689)
Depreciation	-	-	(102,541)	-	(102,541)
Interest and investment revenue	-	-	-	123,086	123,086
Capital grant revenue (invested in capital assets)	-	-	67,165	-	67,165
Other capital additions	<u>-</u>	<u>-</u>	<u>48,155</u>	<u>(48,155)</u>	<u>-</u>
Ending Balance, June 30, 2004	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,546,076</u>	<u>\$5,710,752</u>	<u>\$7,256,828</u>

**NOTE 11 - CHANGES IN CAPITAL ASSETS**

The following table summarizes the changes in capital assets for the year ended June 30, 2004:

	<u>COST</u>			
	<u>06/30/2003</u>	<u>Additions</u>	<u>Transfers</u>	<u>06/30/2004</u>
Land, buildings and improvements	\$2,793,625	\$17,495	(14,806)	\$2,796,314
Furniture, equipment and machinery	332,457	30,670	14,806	377,933
Leasehold improvements	17,364	-	-	17,364
Construction in progress	<u>217,305</u>	<u>67,165</u>	<u>-</u>	<u>284,470</u>
<b>TOTALS</b>	<u>\$3,360,751</u>	<u>\$115,330</u>	<u>\$ -</u>	<u>\$3,476,081</u>

	<u>ACCUMULATED DEPRECIATION</u>			
	<u>Balance 06/30/2003</u>	<u>Current Provisions</u>	<u>Balance 06/30/2004</u>	<u>Net Book Value 06/30/2004</u>
Land, buildings and improvements	\$1,501,335	\$69,010	\$1,570,345	\$1,225,969
Furniture, equipment and machinery	308,765	33,531	342,296	35,637
Leasehold improvements	17,364	-	17,364	-
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>284,470</u>
<b>TOTALS</b>	<u>\$1,827,464</u>	<u>\$102,541</u>	<u>\$1,930,005</u>	<u>\$1,546,076</u>

**SUPPLEMENTAL DATA**

*Laura J. MacDonald, CPA, Inc.  
3637 Medina Road, Suite F  
Medina, Ohio 44256*

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**INDEPENDENT AUDITOR'S REPORT  
ON SUPPLEMENTAL DATA**

To the Board of Commissioners  
Medina Metropolitan Housing Authority  
Medina, Ohio

My report on my audit of the basic financial statements of the Medina Metropolitan Housing Authority as of and for the year ended June 30, 2004, appears on page 1. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, for the purpose of forming an opinion on the basic financial statements taken as a whole. The information included in the accompanying Financial Data Schedules submitted to HUD, consisting of the Supplemental Combining Statement of Net Assets and Supplemental Combining Statement of Revenues, Expenses and Changes in Net Assets; and the Statement of Modernization Costs Completed is presented only for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Laura J. MacDonald, CPA, Inc.  
March 28, 2005

**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**SUPPLEMENTAL COMBINING STATEMENT OF**  
**NET ASSETS (FINANCIAL DATA SCHEDULE SUBMITTED TO HUD)**  
**June 30, 2004**

LINE ITEM NO.	ACCOUNT DESCRIPTION	MAJOR PROGRAMS		
		N/C S/R SECTION 8 PROGRAMS	HOUSING CHOICE VOUCHERS	MAJOR PROGRAMS TOTAL
<b>CURRENT ASSETS</b>				
111	Cash and cash equivalents	\$ 71,687	\$ 184,204	\$ 255,891
	Accounts receivable:			
	Governmental agencies:			
122	Accounts Receivable - HUD other projects	-	33,241	33,241
124	Accounts Receivable - other government	-	-	-
		-	33,241	33,241
	Tenants:			
126	Accounts Receivable - Tenants - Dwelling Rents	-	-	-
126.1	Allowance for Doubtful Accounts - Dwelling Rents	-	-	-
		-	-	-
144	Interprogram receivables	-	-	-
121	Related entities	-	-	-
142	Other current assets	836	4,827	5,663
		72,523	222,272	294,795
<b>RESTRICTED DEPOSITS</b>				
114	Cash, restricted for tenant security deposits	-	-	-
132	Cash restricted for Family Self Sufficiency Program	-	155,372	155,372
		-	155,372	155,372
<b>CAPITAL ASSETS</b>				
162	Land, buildings and improvements	-	-	-
163	Furniture, equipment and machinery - Dwellings	-	-	-
164	Furniture, Equipment, and machinery - Administration	-	12,519	12,519
		-	12,519	12,519
165	Leasehold improvements	-	-	-
		-	12,519	12,519
		-	-	-
166	Accumulated Depreciation	-	(8,764)	(8,764)
		-	3,755	3,755
167	Construction in Progress	-	-	-
171	<b>NOTES RECEIVABLE - RELATED ENTITIES</b>	-	-	-
190	<b>TOTAL ASSETS</b>	<u>72,523</u>	<u>381,399</u>	<u>453,922</u>

Please refer to auditor's report on supplemental data

<b>NONMAJOR PROGRAMS</b>						
<b>LOW RENT PUBLIC HOUSING</b>	<b>PUBLIC HOUSING CAPITAL FUND PROGRAM</b>	<b>NON MAJOR PROGRAMS TOTAL</b>	<b>OTHER PROGRAMS</b>			<b>TOTAL</b>
			<b>STATE AND LOCAL</b>	<b>BUSINESS ACTIVITIES</b>	<b>OTHER PROGRAMS TOTAL</b>	
\$ 116,829	\$ -	\$ 116,829	\$ 43,027	\$ 251,010	\$ 294,037	\$ 666,757
-	35,045	35,045	-	-	-	68,286
-	-	-	3,599	-	3,599	3,599
-	35,045	35,045	3,599	-	3,599	71,885
2,776	-	2,776	2,006	-	2,006	4,782
(2,078)	-	(2,078)	(1,250)	-	(1,250)	(3,328)
698	-	698	756	-	756	1,454
35,045	-	35,045	-	33,898	33,898	68,943
-	-	-	-	826,120	826,120	826,120
9,347	-	9,347	183	1,741	1,924	16,934
161,919	35,045	196,964	47,565	1,112,769	1,160,334	1,652,093
17,753	-	17,753	7,528	-	7,528	25,281
-	-	-	-	-	-	155,372
17,753	-	17,753	7,528	-	7,528	180,653
2,010,897	-	2,010,897	105,855	679,562	785,417	2,796,314
94,715	-	94,715	4,064	-	4,064	98,779
15,504	-	15,504	359	250,772	251,131	279,154
110,219	-	110,219	4,423	250,772	255,195	377,933
17,364	-	17,364	-	-	-	17,364
2,138,480	-	2,138,480	110,278	930,334	1,040,612	3,191,611
(1,681,875)	-	(1,681,875)	(15,434)	(223,932)	(239,366)	(1,930,005)
456,605	-	456,605	94,844	706,402	801,246	1,261,606
-	284,470	284,470	-	-	-	284,470
-	-	-	-	4,217,316	4,217,316	4,217,316
636,277	319,515	955,792	149,937	6,036,487	6,186,424	7,596,138

**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**SUPPLEMENTAL COMBINING STATEMENT OF**  
**NET ASSETS (FINANCIAL DATA SCHEDULE SUBMITTED TO HUD)**  
(Continued)  
**June 30, 2004**

LINE ITEM NO.	ACCOUNT DESCRIPTION	MAJOR PROGRAMS		
		N/C S/R SECTION 8 PROGRAMS	HOUSING CHOICE VOUCHERS	MAJOR PROGRAMS TOTAL
<b>CURRENT LIABILITIES</b>				
Accounts payable:				
312	Trade	-	1,057	1,057
331	HUD	18,342	-	18,342
323	Other Government	-	-	-
347	Interprogram payables	-	-	-
		<u>18,342</u>	<u>1,057</u>	<u>19,399</u>
341	Tenant Security Deposits	-	-	-
321	Accrued wages and payroll taxes	-	-	-
322	Compensated absences payable	1,085	15,611	16,696
342	Deferred credits and other liabilities	-	-	-
310		<u>19,427</u>	<u>16,668</u>	<u>36,095</u>
353	Escrow deposits for Family Self Sufficiency Program	-	153,769	153,769
300	<b>LONG TERM LIABILITIES</b>	<u>19,427</u>	<u>170,437</u>	<u>189,864</u>
<b>NET ASSETS</b>				
508.1	Invested in capital assets, net of related debt	-	3,755	3,755
512.1	Unrestricted net assets	<u>53,096</u>	<u>207,207</u>	<u>260,303</u>
511		<u>53,096</u>	<u>210,962</u>	<u>264,058</u>
600	<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>72,523</u></u>	<u><u>381,399</u></u>	<u><u>453,922</u></u>



<b>NONMAJOR PROGRAMS</b>						
<b>LOW RENT PUBLIC HOUSING</b>	<b>PUBLIC HOUSING CAPITAL FUND PROGRAM</b>	<b>NON MAJOR PROGRAMS TOTAL</b>	<b>OTHER PROGRAMS</b>			
			<b>STATE AND LOCAL</b>	<b>BUSINESS ACTIVITIES</b>	<b>OTHER PROGRAMS TOTAL</b>	<b>TOTAL</b>
7,703	-	7,703	1,855	598	2,453	11,213
-	-	-	-	-	-	18,342
11,727	-	11,727	-	-	-	11,727
-	35,045	35,045	33,898	-	33,898	68,943
19,430	35,045	54,475	35,753	598	36,351	110,225
17,760	-	17,760	7,521	-	7,521	25,281
-	-	-	-	18,909	18,909	18,909
4,779	-	4,779	786	4,786	5,572	27,047
2,180	-	2,180	129	-	129	2,309
44,149	35,045	79,194	44,189	24,293	68,482	183,771
1,770	-	1,770	-	-	-	155,539
45,919	35,045	80,964	44,189	24,293	68,482	339,310
456,605	284,470	741,075	94,844	706,402	801,246	1,546,076
133,753	-	133,753	10,904	5,305,792	5,316,696	5,710,752
590,358	284,470	874,828	105,748	6,012,194	6,117,942	7,256,828
		-			-	-
<b>636,277</b>	<b>319,515</b>	<b>955,792</b>	<b>149,937</b>	<b>6,036,487</b>	<b>6,186,424</b>	<b>7,596,138</b>

**MEDINA METROPOLITAN HOUSING AUTHORITY  
SUPPLEMENTAL COMBINING STATEMENT OF REVENUES  
AND EXPENSES AND CHANGES IN ASSETS (FINANCIAL  
DATA SCHEDULE SUBMITTED TO HUD)  
June 30, 2004**

LINE ITEM NO.	ACCOUNT DESCRIPTION	MAJOR PROGRAMS		
		N/C S/R SECTION 8 PROGRAMS	HOUSING CHOICE VOUCHERS	MAJOR PROGRAMS TOTAL
<b>OPERATING REVENUES</b>				
Tenant Revenue:				
703	Net Tenant Rental Revenue	-	-	-
704	Tenant Revenue - Other	-	-	-
		-	-	-
Government operating grants:				
706	HUD PHA Operating Grants	636,890	2,901,118	3,538,008
708	Other Government Grants	-	-	-
		636,890	2,901,118	3,538,008
Other revenue:				
714	Fraud Recovery	-	3,210	3,210
715	Other Revenue	-	-	-
		-	3,210	3,210
700	<b>TOTAL REVENUE</b>	<b>636,890</b>	<b>2,904,328</b>	<b>3,541,218</b>
<b>OPERATING EXPENSES</b>				
Administrative:				
911	Administrative Salaries	13,213	182,012	195,225
912	Auditing Fees	500	1,910	2,410
915	Employee Benefits Contributions - Administrative	3,963	64,759	68,722
916	Other Operating - Administrative	1,366	82,069	83,435
		19,042	330,750	349,792
Utilities:				
931	Water	-	-	-
932	Electricity	-	-	-
933	Gas	-	-	-
938	Other Utilities Expense	-	-	-
		-	-	-
Maintenance:				
941	Ordinary Maintenance and Operations - Labor	736	2,216	2,952
942	Ordinary Maintenance and Operations - Materials	-	3,680	3,680
942	and Other	-	528	528
943	Ordinary Maintenance and Operations - Contract Costs	-	-	-
		736	6,424	7,160
General:				
961	Insurance Premiums	1,044	6,023	7,067
962	Other General Expenses	-	-	-
963	Payments in Lieu of Taxes	-	-	-
964	Bad Debt - Tenant Rents	-	-	-
		1,044	6,023	7,067

Please refer to auditor's report on supplemental data

<b>NONMAJOR PROGRAMS</b>						
<b>LOW RENT PUBLIC HOUSING</b>	<b>PUBLIC HOUSING CAPITAL FUND PROGRAM</b>	<b>NON MAJOR PROGRAMS TOTAL</b>	<b>OTHER PROGRAMS</b>			<b>TOTAL</b>
			<b>STATE AND LOCAL</b>	<b>BUSINESS ACTIVITIES</b>	<b>OTHER PROGRAMS TOTAL</b>	
200,999	-	200,999	55,017	-	55,017	256,016
10,710	-	10,710	390	-	390	11,100
<u>211,709</u>	-	<u>211,709</u>	<u>55,407</u>	-	<u>55,407</u>	<u>267,116</u>
99,869	-	99,869	-	-	-	3,637,877
-	-	-	46,961	-	46,961	46,961
<u>99,869</u>	-	<u>99,869</u>	<u>46,961</u>	-	<u>46,961</u>	<u>3,684,838</u>
-	-	-	-	-	-	3,210
-	-	-	1,105	148,474	149,579	149,579
-	-	-	1,105	148,474	149,579	<u>152,789</u>
<b>311,578</b>	-	<b>311,578</b>	<b>103,473</b>	<b>148,474</b>	<b>251,947</b>	<b>4,104,743</b>
51,853	-	51,853	8,624	65,325	73,949	321,027
2,590	-	2,590	-	546	546	5,546
26,584	-	26,584	4,020	40,595	44,615	139,921
18,784	-	18,784	3,580	101,312	104,892	207,111
<u>99,811</u>	-	<u>99,811</u>	<u>16,224</u>	<u>207,778</u>	<u>224,002</u>	<u>673,605</u>
6,496	-	6,496	1,274	526	1,800	8,296
47,481	-	47,481	9,678	-	9,678	57,159
28,604	-	28,604	11,856	769	12,625	41,229
7,980	-	7,980	2,830	362	3,192	11,172
<u>90,561</u>	-	<u>90,561</u>	<u>25,638</u>	<u>1,657</u>	<u>27,295</u>	<u>117,856</u>
25,119	-	25,119	5,003	64,562	69,565	97,636
23,613	-	23,613	3,673	5,897	9,570	36,863
36,044	-	36,044	8,512	16,151	24,663	61,235
<u>84,776</u>	-	<u>84,776</u>	<u>17,188</u>	<u>86,610</u>	<u>103,798</u>	<u>195,734</u>
11,664	-	11,664	114	2,206	2,320	21,051
-	-	-	13,815	1,653	15,468	15,468
11,727	-	11,727	-	-	-	11,727
(34)	-	(34)	-	-	-	(34)
<u>23,357</u>	-	<u>23,357</u>	<u>13,929</u>	<u>3,859</u>	<u>17,788</u>	<u>48,212</u>

**MEDINA METROPOLITAN HOUSING AUTHORITY  
SUPPLEMENTAL COMBINING STATEMENT OF REVENUES  
AND EXPENSES AND CHANGES IN ASSETS (FINANCIAL  
DATA SCHEDULE SUBMITTED TO HUD) - (Continued)  
June 30, 2004**

LINE ITEM NO.	ACCOUNT DESCRIPTION	MAJOR PROGRAMS		
		N/C S/R SECTION 8 PROGRAMS	HOUSING CHOICE VOUCHERS	MAJOR PROGRAMS TOTAL
973	Housing Assistance Payments	607,050	2,527,817	3,134,867
974	Depreciation Expense	-	2,504	2,504
900	<b>TOTAL OPERATING EXPENSES</b>	<u>627,872</u>	<u>2,873,518</u>	<u>3,501,390</u>
	OPERATING INCOME (LOSS)	9,018	30,810	39,828
	<b>NON-OPERATING REVENUES (EXPENSES)</b>			
	Interest and investment revenue:			
711	Investment Income - Unrestricted	450	1,309	1,759
712	Mortgage Interest Income	-	-	-
		<u>450</u>	<u>1,309</u>	<u>1,759</u>
706.1	Capital Grants	-	-	-
		<u>450</u>	<u>1,309</u>	<u>1,759</u>
		<u>9,468</u>	<u>32,119</u>	<u>41,587</u>
	<b>NET ASSETS</b>			
	Net Assets - Beginning of year:			
1103	Beginning Equity	43,628	228,843	272,471
1104	Prior Period Adjustments, Equity Transfers, and			
1104	Correction of Errors	-	(50,000)	(50,000)
		<u>43,628</u>	<u>178,843</u>	<u>222,471</u>
1113	Maximum Annual Cointributions Commitment (Per ACC)	604,201	3,003,499	3,607,700
1114	Prorata Maximum Annual Contributions Applicable to a Period of Less Than Twelve Months	-	-	-
1115	Contingency Reserve, ACC Program Reserve	1,705,004	250,736	1,955,740
1116	Total Annual Contributions Available	<u>2,309,205</u>	<u>3,254,235</u>	<u>5,563,440</u>
				-
1120	Unit Months Available	1,008	6,072	7,080
1121	Number of Unit Months Leased	1,008	5,933	6,941

<b>NONMAJOR PROGRAMS</b>						
<b>LOW RENT PUBLIC HOUSING</b>	<b>PUBLIC HOUSING CAPITAL FUND PROGRAM</b>	<b>NON MAJOR PROGRAMS TOTAL</b>	<b>OTHER PROGRAMS</b>			<b>TOTAL</b>
			<b>STATE AND LOCAL</b>	<b>BUSINESS ACTIVITIES</b>	<b>OTHER PROGRAMS TOTAL</b>	
-	-	-	31,158	-	31,158	<b>3,166,025</b>
<u>55,672</u>	-	<u>55,672</u>	<u>3,411</u>	<u>40,954</u>	<u>44,365</u>	<b>102,541</b>
<u>354,177</u>	-	<u>354,177</u>	<u>107,548</u>	<u>340,858</u>	<u>448,406</u>	4,303,973
(42,599)	-	(42,599)	(4,075)	(192,384)	(196,459)	(199,230)
865	-	865	187	4,684	4,871	7,495
-	-	-	-	115,591	115,591	115,591
<u>865</u>	-	<u>865</u>	<u>187</u>	<u>120,275</u>	<u>120,462</u>	<b>123,086</b>
-	67,165	67,165	-	-	-	<b>67,165</b>
<u>865</u>	<u>67,165</u>	<u>68,030</u>	<u>187</u>	<u>120,275</u>	<u>120,462</u>	<u>190,251</u>
<u>(41,734)</u>	<u>67,165</u>	<u>25,431</u>	<u>(3,888)</u>	<u>(72,109)</u>	<u>(75,997)</u>	<u>(8,979)</u>
632,091	217,305	849,396	100,832	6,043,108	6,143,940	7,265,807
-	-	-	8,804	41,196	50,000	-
<u>632,091</u>	<u>217,305</u>	<u>849,396</u>	<u>109,636</u>	<u>6,084,304</u>	<u>6,193,940</u>	<b>7,265,807</b>
-	-	-	-	-	-	3,607,700
-	-	-	-	-	-	-
-	-	-	-	-	-	1,955,740
-	-	-	-	-	-	5,563,440
-	-	-	-	-	-	-
1,008	-	1,008	235	-	235	8,323
973	-	973	224	-	224	8,138

**MEDINA METROPOLITAN HOUSING AUTHORITY  
STATEMENT OF MODERNIZATION COSTS - COMPLETED  
Year Ended June 30, 2004**

1. The total amount of modernization costs of the completed comprehensive grants are shown below:

<u>FUND DESCRIPTION</u>	<u>PROJECT NO.</u> <u>OH 12 P 027 501 01</u>
Funds Approved	\$ 108,687
Funds Expended	<u>108,687</u>
Excess (Deficiency) of Funds Approved	<u>\$ -</u>
Funds Advanced	\$ 108,687
Funds Expended	<u>108,687</u>
Excess (Deficiency) of Funds Advanced	<u>\$ -</u>

2. All modernization work in connection with the modernization grants has been completed.
3. The entire actual modernization cost or liabilities incurred by the PHA have been fully paid.
4. There are no undischarged mechanics, laborers, contractors, or material-mens liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work.
5. The time in which such liens could be filed has expired.

Please refer to auditor's report on supplemental data.

**MEDINA METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FEDERAL AWARDS EXPENDITURES\*  
Year Ended June 30, 2004**

<b>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE</b>	<b>FEDERAL CFDA NUMBER</b>	<b>ANNUAL CONTRIBUTION CONTRACT NO.</b>	<b>FEDERAL EXPENDITURES</b>
U.S. Department of Housing and Urban Development:			
Direct Programs:			
PHA Owned Housing:			
Low Rent Public Housing	14.850a	C-995	\$ 99,869
Public Housing Capital Fund Program	14.872	C-995	67,165
Housing Assistance Payments Programs:			
Section 8 Project Based Cluster:			
Section 8 - New Construction	14.182	C-5030	627,872
Housing Choice Vouchers Program	14.871	C-5030	<u>2,873,518</u>
			<u>3,501,390</u>
			<u>\$ 3,668,424</u>

\*This schedule has been prepared on the accrual basis of accounting.

*Laura J. MacDonald, CPA, Inc.  
3637 Medina Road, Suite F  
Medina, Ohio 44256*

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

To the Board of Commissioners  
Medina Metropolitan Housing Authority  
Medina, Ohio

I have audited the combined financial statements of the Medina Metropolitan Housing Authority as of and for the year ended June 30, 2004, and have issued my report thereon dated March 28, 2005. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Compliance**

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

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered the Medina Metropolitan Housing Authority's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the 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 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

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

Laura J. MacDonald, CPA, Inc.  
March 28, 2005



*Laura J. MacDonald, CPA, Inc.*  
*3637 Medina Road, Suite F*  
*Medina, Ohio 44256*

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

To the Board of Commissioners  
Medina Metropolitan Housing Authority  
Medina, Ohio

**Compliance**

I have audited the compliance of the Medina Metropolitan Housing Authority with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal programs for the year ended June 30, 2004. The Medina Metropolitan Housing Authority's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the Medina Metropolitan Housing Authority's management. My responsibility is to express an opinion on the Medina Metropolitan Housing Authority'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 Medina Metropolitan Housing Authority'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 the Medina Metropolitan Housing Authority's compliance with those requirements.

In my opinion, the Medina Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2004.

**Internal Control Over Compliance**

The management of the Medina 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 my audit, I considered the Medina 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 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 consider to be material weaknesses.

This report is intended for the information and use of the Board of Commissioners, management, others within the Authority and federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Laura J. MacDonald, CPA, Inc.  
March 28, 2005

**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**SCHEDULE OF FINDINGS**  
**June 30, 2004**

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

Type of Financial Statement Opinion	Unqualified
Were there any material control weakness conditions reported at the financial statement level (Generally Accepted Government Auditing Standards)?	No
Were there any other reportable control weakness conditions reported at the financial statement level (Generally Accepted Government Auditing Standards)?	No
Was there any material reported noncompliance at the financial statement level (Generally Accepted Government Auditing Standards)?	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 Section 510?	No
Major Programs:	Housing Assistance Payments Program: Section 8 Cluster - Project Based (CFDA#14.182); Housing Choice Vouchers (CFDA #14.871)
Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: All others
Low Risk Auditee?	Yes

**II. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS**

NONE

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

NONE

**MEDINA METROPOLITAN HOUSING AUTHORITY  
GENERAL COMMENTS  
Year Ended June 30, 2004**

**ACTIVITIES OF THE AUTHORITY**

The Medina Metropolitan Housing Authority had 667 units in management as of June 30, 2004 as follows:

	<u>Units</u>
Public Housing:	
Project Number OH-033-001	84
Section 8 Programs:	
Project Number: OH027VO	469
Project Number: OH027NC0026	<u>84</u>
	553
Washington Place	10
Northland Place	10
State HAP	<u>10</u>
	<u>667</u>

**AUDIT ADJUSTMENTS**

The following audit adjustment was made as a result of the June 30, 2004 audit:

Business Activities:

Dr. Accumulated Depreciation	61,779	
Cr. Net Assets (Invested in Capital Assets)		61,779

Low Rent Public Housing

Dr. Accumulated Depreciation	34,152	
Cr. Net Assets (Invested in Capital Assets)		34,152

State and Local Funds

Dr. Net Assets (Invested in Capital Assets)	3,490	
Cr. Accumulated Depreciation		3,490

To reverse an entry to record a change in accounting estimate associated with the depreciation of capital assets, which will be adjusted prospectively.



**Auditor of State  
Betty Montgomery**

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**MEDINA METROPOLITAN HOUSING AUTHORITY**

**MEDINA 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  
JUNE 7, 2005**