

Tuscarawas Metropolitan Housing Authority

Financial statements

For the Year Ended March 31, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Directors
Tuscarawas Metropolitan Housing Authority
134 Second Street, SW
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We have reviewed the Independent Auditor's Report of the Tuscarawas Metropolitan Housing Authority, Tuscarawas County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period April 1, 2001 through March 31, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

November 18, 2002

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TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
AUDIT REPORT
FOR THE YEAR ENDED MARCH 31, 2002

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Independent Auditors' Report

Board of Directors
Tuscarawas Metropolitan Housing
Authority

Regional Inspector General of Audit
Department of Housing and Urban
Development

I have audited the accompanying financial statements of Tuscarawas Metropolitan Housing Authority, Ohio, as of and for the year ended March 31, 2002, as listed in the table of contents. These financial statements are the responsibility of the Tuscarawas Metropolitan Housing Authority, Ohio, 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Tuscarawas Metropolitan Housing Authority, Ohio, as of March 31, 2002, and the results of its operations and the cash flows of its proprietary fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated August 22, 2002, on my consideration of Tuscarawas 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 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 Tuscarawas 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 financial statements. The combining financial data schedule ("FDS") is presented for purposes of additional analysis as required by the Department of Housing and Urban Development and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respect in relation to the basic financial statements taken as a whole.



Salvatore Consiglio, CPA, Inc.

August 22, 2002

Tuscarawas Metropolitan Housing Authority
Balance Sheet
Proprietary Fund Type
Discretely Presented Component Unit
March 31, 2002

	<u>Enterprise Fund</u>	<u>Component Unit</u>	<u>Total (Memo only)</u>
<u>ASSETS</u>			
Current Assets			
Cash and Cash Equivalents	\$350,302	\$4,491	\$354,793
Accounts Receivable – Net of Allowance	10,553	0	10,553
Investment	246,635	0	246,635
Due From Component Unit	5,000	0	5,000
Total Current Assets	612,490	4,491	616,981
Fixed Assets - Net of Accumulated Depreciation	218,406	0	218,406
TOTAL ASSETS	\$830,896	\$4,491	\$835,387
<u>LIABILITIES AND FUND EQUITY</u>			
CURRENT LIABILITES:			
Accounts Payable	\$27,777	\$0	\$27,777
Due to Primary Government	0	5,000	5,000
Intergovernmental Payable	30,716	0	30,716
Accrued Wages and Payroll Taxes	16,994	0	16,994
Deferred Credits and Other Liabilities	168,522	0	168,522
Total Current Liabilities	244,009	5,000	249,009
NONCURRENT LIABILITES			
Long-term Debt Net of Current	89,974	0	89,974
Other Long-term Liabilities – FSS Escrow Payable	97,798	0	97,798
Total Noncurrent Liabilities	187,772	0	187,772
TOTAL LIABILITES	431,781	5,000	436,781
FUND EQUITY			
Contributed Capital	215,010	0	215,010
Retained Earnings - Unreserved	184,105	(509)	183,596
TOTAL FUND EQUITY	399,115	(509)	398,606
TOTAL LIABILITIES AND FUND EQUITY	\$830,896	\$4,491	\$835,387

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

Tuscarawas Metropolitan Housing Authority
Statement of Revenue, Expenses and Change in Fund Equity
Proprietary Fund Type
Discretely Presented Component Unit
For the Year Ended March 31, 2002

	<u>Enterprise Fund</u>	<u>Component Unit</u>	<u>Total (Memo only)</u>
<u>REVENUE</u>			
Program Grants/Subsidies	\$1,965,738	\$0	\$1,965,738
Intergovernmental	35,500	0	35,500
Interest	9,039	14	9,053
Other Income	3,323	0	3,323
TOTAL REVENUE	2,013,600	14	2,013,614
<u>EXPENSES</u>			
Administrative Expenses	277,023	523	277,546
Utilities Expenses	2,031	0	2,031
Ordinary Maintenance and Operation	2,975	0	2,975
General Expenses	2,578	0	2,578
Housing Assistance Expenses	1,647,630	0	1,647,630
Interest Expense	5,340	0	5,340
Depreciation Expense	7,785	0	7,785
TOTAL EXPENSES	1,945,362	523	1,945,885
EXCESS (DEFICIENCY) OF TOTAL REVENUE OVER (UNDER) TOTAL EXPENSES	68,238	(509)	67,729
BEGINNING EQUITY	330,737	0	330,737
PRIOR PERIOD ADJUSTMENTS	140	0	140
ENDING FUND EQUITY	\$399,115	(\$509)	\$398,606

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

Tuscarawas Metropolitan Housing Authority
Statement of Cash Flows
Proprietary Fund Type
Discretely Presented Component Unit
For the Year Ended March 31, 2001

	<u>Enterprise Fund</u>	<u>Component Unit</u>	<u>Total (Memo only)</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Operating Income/(Loss)	\$68,238	(\$509)	\$67,729
Adjustment to Reconcile Operating Income to Net Cash Used by Operating Activities:			
-Depreciation	7,785	0	7,785
-(Increases) Decreases in Accounts Receivable - HUD	140	0	140
-(Increases) Decreases in Accts Receivable - Miscellaneous	(39)	0	(39)
-Increases (Decreases) Accounts Payable	21,187	5,000	26,187
-Increases (Decreases) Accounts Payable HUD	(19,370)	0	(19,370)
-Increases (Decreases) Accrues Compensated Absences	1,759	0	1,759
-Increases (Decreases) Accrued Wages and Payroll Taxes	(6,456)	0	(6,456)
-Increases (Decreases) Deferred Grant Revenue	2,151	0	2,151
-FSS Cash Balance Included in Cash and Cash Equivalence	97,798	0	97,798
	<hr/>		<hr/>
Total Adjustments	104,955	5,000	109,955
	<hr/>		<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	173,193	4,491	177,684
	<hr/>		<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash Transfer to Investment Account	(58,039)	0	(58,039)
Purchases of Property and Equipment	(76,859)	0	(76,859)
	<hr/>		<hr/>
NET CASH USED IN INVESTING ACTIVITIES	(134,898)	0	(134,898)
	<hr/>		<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Mortgage Payments	(5,967)	0	(5,967)
	<hr/>		<hr/>
NET CASH USED IN FINANCING ACTIVITIES	(5,967)	0	(5,967)
	<hr/>		<hr/>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	32,328	4,491	36,819
	<hr/>		<hr/>
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	317,974	0	317,974
	<hr/>		<hr/>
CASH AND CASH EQUIVALENTS - END OF YEAR	\$350,302	\$4,491	\$354,793
	<hr/> <hr/>		<hr/> <hr/>

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

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

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

Reporting Entity

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

The accompanying 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.

TUSCARA WAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The accompanying financial statements present the Authority's primary government and Tuscarawas Affordable Housing Service Corp., component unit, which the Authority exercises significant influence.

Component Units

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

Discretely Presented Component Unit
Tuscarawas Affordable Housing
Service Corp.

Brief Description and Relationship
Agency was created to purchase property for renting to individuals. Tuscarawas Metropolitan Housing Authority staff will operate and manage the units. During current fiscal period, TMHA loan the Agency \$5,000 to set-up bank account and incorporate.

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:

TUSCARA WAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Enterprise Fund - This fund is used to account for the operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Measurement Focus/Basis of Accounting

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

Tuscarawas Affordable Housing Service Corp. uses the full accrual basis of accounting.

Investments

Investments are restricted by the provisions of the HUD Regulations (See Note 2). Investments are valued at market value. Interest income earned in fiscal year ending March 31, 2002 totaled \$9,039. The interest income earned by Component Unit equaled \$14.

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.

TUSCARA WAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

TUSCARA WAS METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2002
 (CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Total Columns (Memorandum Only)

Total columns on the financial statements are captioned “memo only” to indicate that they are presented only to aid in financial analysis.

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.

Deposits, categorized by level of risk, are:

DESCRIPTION	BANK BALANCE	CATEGORY			CARRYING AMOUNT
		1	2	3	
Cash and Cash Equivalents:					
Primary Government	\$336,220	\$336,220	\$ -0-	\$ -0-	\$350,302
Component Unit	4,491	4,491	-0-	-0-	4,491
Total Deposits	\$340,711	\$340,711	\$ -0-	\$ -0-	\$354,793

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.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002
(CONTINUED)

NOTE 2: CASH AND INVESTMENTS (Continued)

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

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

DESCRIPTION	CATEGORY			Fair Value/ Carrying Amount	CARRYING AMOUNT
	1	2	3		
Market Index Fund:					
Primary Government	\$246,635	\$ -0-	\$ -0-	\$ 246,635	\$246,635
Component Unit	-0-	-0-	-0-	-0-	-0-
Total Deposits	<u>\$246,635</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$246,635</u>	<u>\$246,635</u>

NOTE 3: NOTE TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

The accompanying Schedule of Federal Awards expenditures are 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 March 31, 2002 the Authority contracted with Reliance Insurance Company for liability coverage of \$500,000 in the aggregate, Cincinnati Insurance Company for crime coverage of \$40,000 and Westfield Insurance Companies for building coverage of \$144,000, business property of \$15,000 and liability of \$2,000,000.

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

TUSCARA WAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002
(CONTINUED)

NOTE 5: FIXED ASSETS

The following is a summary:

Land	\$ 30,000
Buildings	112,770
Furniture and Equipment – Administrative	45,967
Construction in Progress	<u>80,704</u>
Total Fixed Assets	269,441
Accumulated Depreciation	<u>(51,035)</u>
 Net Fixed Assets	 <u><u>\$ 218,406</u></u>

The following is a summary of changes:

	<u>Balance</u> <u>03/31/01</u>	<u>Additions</u>	<u>Deletion</u>	<u>Balance</u> <u>03/31/02</u>
Land	\$ 30,000	\$ -0-	\$ -0-	\$ 30,000
Buildings	112,770	-0-	-0-	112,770
Furniture and Equipment				
Administrative	43,774	2,193	-0-	45,967
Construction in Progress	<u>6,038</u>	<u>74,666</u>	<u>-0-</u>	<u>80,704</u>
 Total Fixed Assets	 <u><u>\$192,582</u></u>	 <u><u>\$76,859</u></u>	 <u><u>\$ -00</u></u>	 <u><u>\$269,441</u></u>

The depreciation expense for the year ended March 31, 2002 was \$7,785

NOTE 6: CONSTRUCTION IN PROGRESS

Construction in progress of \$80,704 represents the addition of a wheelchair lift to make the administration building handicap accessible. As of March 31, 2002 the work is 99% completed.

NOTE 7: DEFINED BENEFIT PENSION PLANS -PUBLIC EMPLOYEES RETIREMENT SYSTEM

All employees participate in the Public Employees Retirement System of Ohio (PERS), a cost sharing multiple employer public employee retirement system administered by the Public Employee Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code

TUSCARA WAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002
(CONTINUED)

**NOTE 7: DEFINED BENEFIT PENSION PLANS -PUBLIC EMPLOYEES
RETIREMENT SYSTEM** (Continued)

establishes benefits. PERS issues a stand-alone financial report, which may be obtained by writing to the Public Employee Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. 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 March 31, 2002 was \$21,108, 2001 and 2000 were \$27,005 and \$29,837, respectively. The full amount has been contributed for 2001 and 2000. Ninety-one percent has been contributed for 2002, with the remainder being reported as a liability with the enterprise fund.

**NOTE 8: POSTEMPLOYMENT BENEFITS PUBLIC EMPLOYEES
RETIREMENT SYSTEM**

The Public Retirement System of Ohio (PERS) provides 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.

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

TUSCARA WAS METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2002
 (CONTINUED)

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

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 \$5,683. 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: MORTGAGE PAYABLE

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

<u>Year</u>	<u>Interest</u>	<u>Principal</u>
2003	\$ 5,267	\$ 5,980
2004	4,920	6,327
2005	4,553	6,694
2006	4,165	7,082
Remaining	23,586	63,891
Total	<u>\$42,491</u>	<u>\$ 89,974</u>

Tuscarawas Metropolitan Housing Authority
Balance Sheet
FDS Schedule Submitted To REAC
Proprietary Fund Type
Enterprise Fund
March 31, 2002

FDS Line Item No.	Account Description	Sect. 8 Housing Choice Voucher	Component Units	Total
ASSETS:				
CURRENT ASSETS:				
Cash:				
111	Cash – unrestricted	\$252,504	\$4,491	\$256,995
113	Cash - other restricted	97,798	0	97,798
100	Total cash	<u>350,302</u>	<u>4,491</u>	<u>354,793</u>
Accounts and notes receivable:				
125	Accounts receivable – miscellaneous	10,553	0	10,553
120	Total receivable, net of allowances for doubtful accounts	<u>10,553</u>	<u>0</u>	<u>10,553</u>
131	Investments – unrestricted	246,635	0	246,635
144	Inter-program Due From	5,000	0	5,000
150	TOTAL CURRENT ASSETS	<u>612,490</u>	<u>4,491</u>	<u>616,981</u>
NONCURRENT ASSETS:				
Fixed assets:				
161	Land	30,000	0	30,000
162	Buildings	112,770	0	112,770
164	Furniture, equipment & machinery - administration	45,967	0	45,967
166	Accumulated depreciation	(51,035)	0	(51,035)
167	Construction in progress	80,704	0	80,704
160	Total fixed assets, net of accumulated depreciation	<u>218,406</u>	<u>0</u>	<u>218,406</u>
180	TOTAL NONCURRENT ASSETS	<u>218,406</u>	<u>0</u>	<u>218,406</u>
190	TOTAL ASSETS	<u>\$830,896</u>	<u>\$4,491</u>	<u>\$835,387</u>

Tuscarawas Metropolitan Housing Authority
Balance Sheet
FDS Schedule Submitted To REAC
Proprietary Fund Type
Enterprise Fund
March 31, 2002

FDS Line Item No.	Account Description	Sect. 8 Housing Choice Voucher	Component Units	Total
LIABILITIES AND EQUITY:				
LIABILITIES				
CURRENT LIABILITIES				
312	Accounts payable < 90 days	\$27,777	\$0	\$27,777
321	Accrued wages and payroll taxes payable	3,082	0	3,082
322	Accrued compensated absences	13,912	0	13,912
331	Accounts Payable - HUD PHA Programs	30,716	0	30,716
342	Deferred revenue	168,522	0	168,522
347	Inter-program Due To	0	5,000	5,000
310	TOTAL CURRENT LIABILITIES	244,009	5,000	249,009
NONCURRENT LIABILITIES				
351	Long-term debt, net of current - capital project	89,974	0	89,974
353	Non-current liabilities - other	97,798	0	97,798
350	TOTAL NONCURRENT LIABILITIES	187,772	0	187,772
300	TOTAL LIABILITIES	431,781	5,000	436,781
EQUITY:				
Contributed Capital:				
504	Net HUD PHA contributions	203,758	0	203,758
507	Other contributions	11,252	0	11,252
508	Total contributed capital	215,010	0	215,010
512	Undesignated fund balance/retained earnings	184,105	(509)	183,596
513	TOTAL EQUITY	399,115	(509)	398,606
600	TOTAL LIABILITIES AND EQUITY	\$830,896	\$4,491	\$835,387

Tuscarawas 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 March 31, 2002

FDS Line Item No.	Account Description	Sect. 8 Housing Choice Voucher	Component Units	Total
REVENUE:				
706	HUD PHA grants	\$1,965,738	\$0	\$1,965,738
708	Other Government Grants	35,500	0	35,500
711	Investment income – unrestricted	4,168	14	4,182
714	Fraud recovery	3,323	0	3,323
720	Investment income - restricted	4,871	0	4,871
700	TOTAL REVENUE	2,013,600	14	2,013,614
EXPENSES:				
Administrative:				
911	Administrative salaries	156,032	0	156,032
912	Auditing fees	3,371	0	3,371
914	Compensated absences	1,849	0	1,849
915	Employee benefit contributions- administrative	74,577	0	74,577
916	Other operating- administrative	41,194	523	41,717
Utilities:				
931	Water	147	0	147
932	Electricity	1,510	0	1,510
933	Gas	374	0	374
Ordinary maintenance & operation:				
943	Ordinary maintenance and operations - contract costs	2,975	0	2,975
General expenses:				
961	Insurance premiums	2,578	0	2,578
967	Interest Expense	5,340	0	5,340
969	TOTAL OPERATING EXPENSES	289,947	523	290,470

Tuscarawas 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 March 31, 2002

FDS Line Item No.	Account Description	Sect. 8 Housing Choice Voucher	Component Units	TOTAL
970	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	1,723,653	(509)	1,723,144
973	Housing assistance payments	1,647,630	0	1,647,630
974	Depreciation expense	7,785	0	7,785
900	TOTAL EXPENSES	<u>1,945,362</u>	523	<u>1,945,885</u>
1000	EXCESS (DEFICIENCY) OF TOTAL REVENUE OVER (UNDER) TOTAL EXPENSES	68,238	(509)	67,729
1103	Beginning equity	330,737	0	330,737
1104	Prior period adjustments and equity transfers	140	0	140
	ENDING RETAINED EARNINGS	<u>\$399,115</u>	(509)	<u>\$398,606</u>
MEMO ACCOUNT INFORMATION:				
1112	Depreciation "add back"	7,785	0	7,785
1113	Maximum annual contributions commitment (per ACC)	2,006,377	0	2,006,377
1115	Contingency reserve, ACC program reserve	216,458	0	216,458
1116	Total annual contributions available	<u>2,222,835</u>	0	<u>2,222,835</u>
1120	Unit months available	6,888	0	6,888
1121	Number of unit months leased	6,771	0	6,771

Tuscarawas Metropolitan Housing Authority
 Schedule of Federal Award Expenditures
 For the Year Ended March 31, 2002

FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES	CFDA NUMBER	EXPENDITURES
U.S. Department of Housing and Urban Development Direct Program		
Annual Contribution Contract C-10018 Housing Assistance Payment Program Section 8 Housing Choice Voucher	14.871	<u>\$1,965,738</u>
Total Section 8 Housing Choice Voucher Program		<u>1,965,738</u>
Total Expenditure of Federal Award		<u><u>\$1,965,738</u></u>

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

Board of Directors
Tuscarawas Metropolitan Housing
Authority

Regional Inspector General of Audit
Department of Housing and Urban
Development

I have audited the financial statements of the Tuscarawas Metropolitan Housing Authority, Ohio, as of and for the year ended March 31, 2002, and have issued my report thereon dated August 22, 2002. 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 Tuscarawas Metropolitan Housing Authority, Ohio'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 Tuscarawas 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 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.

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



Salvatore Consiglio, CPA, Inc.

August 22, 2002

SALVATORE CONSIGLIO, CPA, INC.

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

Board of Directors
Tuscarawas Metropolitan Housing
Authority

Regional Inspector General of Audit
Department of Housing and Urban
Development

Compliance

I have audited the compliance of the Tuscarawas 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 March 31, 2002. Tuscarawas 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 Tuscarawas Metropolitan Housing Authority, Ohio's management. My responsibility is to express an opinion on Tuscarawas 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 Tuscarawas 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 Tuscarawas Metropolitan Housing Authority, Ohio's compliance with those requirements.

In my opinion, Tuscarawas 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 March 31, 2002.

Internal Control Over Compliance

The management of Tuscarawas 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 Tuscarawas 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. However, I noted certain immaterial instances of internal control weakness that I have reported to management of Tuscarawas Metropolitan Housing Authority, Ohio, in a separate letter dated August 22, 2002.

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, CPA, Inc.

August 22, 2002

Schedule of Findings and Questioned Costs
OMB Circular A-133 § .505

Tuscarawas Metropolitan Housing Authority
March 31, 2002

1. SUMMARY OF AUDITOR'S RESULTS
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Type of Financial Statement Opinion	Unqualified
Was 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
Was 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 #14,871 Section 8 Housing Choice Voucher
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
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There are no Findings or questioned costs for the year ended March 31, 2002.

3. FINDINGS REALTED TO FEDERAL AWARDS
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There are no Findings or questioned costs for the year ended March 31, 2002.

Tuscarawas Metropolitan Housing Authority
Schedule of Prior Audit Findings
March 31, 2002

The audit report for the fiscal year ended March 31, 2001 contained no audit findings.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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TUSCARAWAS METROPOLITAN HOUSING AUTHORITY

TUSCARAWAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 3, 2002**