

PORTAGE METROPOLITAN HOUSING AUTHORITY

AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 1999



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street, 1st Floor
Columbus, Ohio 43215

Telephone 614-466-4514
800-282-0370

Facsimile 614-728-7398

Board of Directors
Portage Metropolitan Housing Authority

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

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

JIM PETRO
Auditor of State

November 20, 2000

PORTAGE METROPOLITAN HOUSING AUTHORITY
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 1999

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1 - 2
General Purpose Financial Statements:	
Combined Balance Sheet - Proprietary Fund Type	3
Combined Statement of Revenues, Expenses and Changes in Retained Earnings - Proprietary Fund Type	4
Combined Statement of Cash Flows - Proprietary Fund Type	5
Notes to the General Purpose Financial Statements	6 - 14
Supplemental Data:	
Combining Balance Sheet - (FDS Schedule Format)	15 - 18
Combining Statement of Revenues, Expenses and Changes in Retained Earnings - (FDS Schedule Format)	19 - 20
Additional FDS Schedule Information - FDS Schedule Submitted to HUD	21 - 22
Schedule of Federal Awards Expenditures	23
Statement of Modernization/Development Cost-Completed	24
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>	25 - 26
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with <i>OMB Circular A-133</i>	27 - 28
Schedule of Findings and Questioned Costs	29 - 30
Corrective Action Plan	31
Data Collection Form	32 - 34

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

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Portage Metropolitan Housing Authority
Ravenna, Ohio 44266

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited the accompanying general purpose financial statements of Portage Metropolitan Housing Authority, as of and for the year ended December 31, 1999, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the Portage Metropolitan Housing Authority's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Portage Metropolitan Housing Authority, as of December 31, 1999, and the results of its operations and the cash flows of its proprietary fund activities for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated August 31, 2000 on our consideration of Portage Metropolitan Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

August 31, 2000

James G. Zupka
Certified Public Accountant

PORTAGE METROPOLITAN HOUSING AUTHORITY
 COMBINED BALANCE SHEET
 PROPRIETARY FUND TYPE
 ENTERPRISE FUND
 FOR THE YEAR ENDED DECEMBER 31, 1999

ASSETS

Cash and Cash Equivalents	\$ 1,317,346
Investments	2,256,044
Receivables - Net of Allowance	228,507
Due from Other Funds	1,695
Inventories - Net of Allowance	75,858
Deferred Charges and Other Assets	8,519
Fixed Assets - Net of Accumulated Depreciation	11,384,544
Total Assets	\$ 15,272,513

LIABILITIES, RETAINED EARNINGS AND OTHER CREDITS

Accounts Payable	\$ 224,777
Due to Other Funds	1,695
Accounts Payable -HUD	181,861
Accrued Wages/Payroll Taxes	29,432
Accrued Compensated Absences	88,860
Tenant Security Deposits	51,418
Deferred Credits and Other Liabilities	180,489
Non-Current Liabilities	2,211,796
Total Liabilities	2,970,328

RETAINED EARNINGS AND OTHER CREDITS

Contributed Capital	11,101,928
Retained Earnings	1,200,251
Total Retained Earnings and Other Credits	12,302,185

TOTAL LIABILITIES, RETAINED EARNINGS AND OTHER CREDITS	\$ 15,272,513
--	----------------------

See accompanying notes to the general purpose financial statements.

PORTAGE METROPOLITAN HOUSING AUTHORITY
 COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
 RETAINED EARNINGS
 PROPRIETARY FUND TYPE
 ENTERPRISE FUND
 FOR THE YEAR ENDED DECEMBER 31, 1999

OPERATING REVENUE

Tenant Revenue	\$ 715,743
Program Operating Grants/Subsidies	6,498,065
Other Income	63,643
Total Operating Revenue	7,277,451

OPERATING EXPENSES

Administrative	1,009,034
Tenant Services	2,283
Utilities	235,101
Maintenance	435,367
General	82,543
Bad Debts	34,744
Housing Assistance Payments	5,358,951
Depreciation	669,131
Total Operating Expenses	7,827,154
Net Operating Loss	(549,703)

NON-OPERATING REVENUE

Interest Income	93,018
Interest Expense	(45,220)
Net Loss	(501,905)

Retained Earnings and Other Credits, Beginning	22,016,093
Equity Transfers and Prior Period Adjustments	(9,212,003)
Comprehensive Grant Program Contributed Capital	0
RETAINED EARNINGS AND OTHER CREDITS, ENDING	\$ 12,302,185

See accompanying notes to the general purpose financial statements.

PORTAGE METROPOLITAN HOUSING AUTHORITY
 COMBINED STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE
 ENTERPRISE FUND
 FOR THE YEAR ENDED DECEMBER 31, 1999

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from HUD	\$ 6,498,065
Cash Received From Tenants	707,509
Cash Payments for Housing Assistance Payments	(5,358,951)
Cash Payments for Administrative	(936,770)
Cash Payments for Other Operating Expenses	(627,505)
Cash Payments to HUD and Other Governments	(34,750)

Net Cash Provided by Operating Activities	247,598
--	---------

CASH FLOWS FROM INVESTING ACTIVITIES

Investment Income	93,018
-------------------	--------

Net Increase in Cash and Cash Equivalents	340,616
--	---------

CASH AND CASH EQUIVALENTS, BEGINNING	976,730
--------------------------------------	---------

CASH AND CASH EQUIVALENTS, ENDING	\$ 1,317,346
-----------------------------------	--------------

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

Net Operating Loss	\$ (501,905)
Adjustments to Reconcile Operating Loss to Net Cash Provided by	
Operating Activities Depreciation	669,131
(Increase) Decrease in:	
Receivables - Net of Allowance	(63,299)
Due From Other Funds	(1,695)
Deferred Charges and Other Assets	(21,647)
Increase (Decrease) in:	
Accounts Payable	115,711
Due to Other Funds	1,695
Intergovernmental Payable	40,789
Accrued Wages/Payroll Taxes and Compensated Absences	2,973
Tenants Security Deposits	5,845

NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 247,598
--	------------

See accompanying notes to the general purpose financial statements.

PORTAGE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

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

Summary of Significant Accounting Policies

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

Reporting Entity

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

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

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

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.

PORTAGE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(CONTINUED)

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

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

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

Management believes the financial statements included in this report represent all of the funds of the Authority over which the Authority is financially accountable.

Fund Accounting

The Authority uses the proprietary fund to report on its financial position and the results of its operations for the Section 8 and public housing programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Funds are classified into three categories: governmental, proprietary and fiduciary. The Authority uses the proprietary category for its programs.

PORTAGE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(CONTINUED)

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

Proprietary Fund Types

Proprietary funds are used to account for the Authority's ongoing activities which are similar to those found in the private sector. The following is the proprietary fund type:

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

Measurement Focus/Basis of Accounting

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

Investments

Investments are restricted by the provisions of the HUD Regulations (See Note 3). Investments are valued at market value. Interest income earned in fiscal year 1999 totaled \$93,018.

Fixed Assets

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

PORTAGE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(CONTINUED)

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

Cash and Cash Equivalents

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

Compensated Absences

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

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

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

Inventories

Inventories are stated at cost. The allowance for obsolete inventory was \$0 at December 31, 1999.

Capital Contributions

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

PORTAGE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(CONTINUED)

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

Budgetary Accounting

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

Estimates

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

NOTE 2: **CASH AND INVESTMENTS**

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

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

Deposits - The carrying amount of Portage Metropolitan Housing Authority's deposits, totaled \$3,573,390. The corresponding bank balances totaled \$3,593,942. The Authority had investments of certificates of deposits that exceeded three months in the amount of \$2,256,044, at December 31, 1999.

The amount of \$419,745 was covered by federal depository insurance in three banks and the remaining deposits were covered by collateralization held by the banks for the Authority's deposits as required by HUD.

PORTAGE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(CONTINUED)

NOTE 3: **NOTE TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

The accompanying Schedule of Federal Awards expenditures is a summary of the activity of the Authority's federal awards programs. The schedule has been prepared on the cash basis of accounting.

NOTE 4: **RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 1999 the Authority contracted with State Housing Authority Risk Pool Association, Inc. (SHARP), an insurance pool for Housing Authorities in Ohio, for fire and extended coverage and vehicle liability. The limit for coverage is \$1,000,000 for any one occurrence. The policy deductible is \$500.

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

NOTE 5: **FIXED ASSETS**

The following is a summary:

Land	\$ 1,634,161
Buildings	16,386,952
Furniture and Equipment - Dwellings	381,805
Furniture and Equipment - Administrative	535,409
	18,938,327
Accumulated Depreciation	(7,553,782)
NET FIXED ASSETS	\$ 11,384,545

PORTAGE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(CONTINUED)

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

The following is a summary of changes:

	Balance			Balance
	<u>12/31/98</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/99</u>
Land	\$ 1,634,161	\$ 0	\$ 0	\$ 1,634,161
Buildings	16,282,986	103,966	0	16,386,952
Furniture & Equipment				
- Dwellings	391,284	3,025	12,504	381,805
Furniture & Equipment				
- Administrative	499,215	51,752	15,558	535,409
TOTAL FIXED ASSETS	<u>\$ 18,807,646</u>	<u>\$ 158,743</u>	<u>\$ 28,062</u>	<u>\$ 18,938,327</u>

The depreciation expense for the year ended December 31, 1999 was \$669,131.

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

For the year ended December 31, 1999, the Authority has presented for the first time general purpose financial statements by fund type. In conjunction with this presentation, the Authority has changed its basis of accounting from the HUD basis to the accrual basis for proprietary funds, including the valuation of fixed assets. These changes include recognition of revenue when earned for proprietary funds and expenditures/expenses when incurred. Fixed assets were valued at historical cost. Retained earnings as of December 31, 1998 have been restated for these changes to conform to generally accepted accounting principles (GAAP).

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

<u>Fund Type</u>	<u>Balance Prior To Change</u>	<u>Adjustments to Reflect Decrease Due to Changes in Basis of Accounting</u>	<u>Restated Balance 12/31/98</u>
Proprietary Fund Type:			
Enterprise Fund	\$22,016,093	\$(9,212,003)	\$12,804,090

PORTAGE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(CONTINUED)

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

All employees participate in the Public Employees Retirement System of Ohio (PERS), a cost sharing multiple employer public employee retirement system administered by the Public Employee Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employee Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the Authority is required to contribute 9.35 percent. Contributions are authorized by State statute. The contribution rates are determined actuarially. The Authority's required contributions to PERS for the years ended December 31, 1999, 1998 and 1997 were \$68,113, \$70,172, , and \$59,484, respectively. The full amount has been contributed for 1998 and 1997. Eighty-four percent has been contributed for 1999, with the remainder being reported as a liability with the enterprise fund.

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

The Public Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 1999 employer contribution rate was 13.55 percent of covered payroll; 4.2 percent was the portion that was used to fund health care. For 1998, the percent used to fund health care was also 4.2 percent.

PORTAGE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(CONTINUED)

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

Benefits were funded on a pay-as-you-go basis. OPEB are financed through employer contributions and investment earnings. The contributions allocated to retiree health care and Medicare, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely. During 1999, OPEB expenditures made by PERS were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641. At December 31, 1999, the total number of benefit recipients eligible for OPEB through PERS was 118,062. The Authority's actual contributions for 1999 which were used to fund OPEB were \$30,597.

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

PORTAGE METROPOLITAN HOUSING AUTHORITY
 COMBINING BALANCE SHEET
 FDS SCHEDULE SUBMITTED TO HUD
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 DECEMBER 31, 1999

FDS Line Item No.	Account Description	14.850 Low Rent Public Housing	14.855 Section 8 Rent VO Program	14.856 Section 8 Rent MOD Rehab	14.857 Section 8 Rent CE Program	Section 8 New Constr.
ASSETS						
111	Cash - Unrestricted	\$ 1,697	\$ 0	\$ 236,411	\$ 374,335	\$ 173,598
112	Cash - Restricted Modernization & Development	0	0	0	0	0
113	Cash - Other Restrictions	0	30,004	0	25,559	0
114	Cash - Tenant Security Deposit	7,847	0	0	0	0
100	Total Cash	<u>9,544</u>	<u>30,004</u>	<u>236,411</u>	<u>399,894</u>	<u>173,598</u>
121	A/R - PHA Projects	100	0	0	0	0
122	A/R - HUD Other Projects	33,556	132,267	35,129	0	0
125	A/R - Miscellaneous	0	0	0	0	0
126	A/R Tenants - Dwelling	15,141	0	0	0	0
126.1	Allowance for Doubtful Accounts	(12,874)	0	0	0	0
129	Accrued Interest Receivable	0	0	0	0	0
120	Total Receivables, Net of Allowances for Doubtful Acct.	<u>35,923</u>	<u>132,267</u>	<u>35,129</u>	<u>0</u>	<u>0</u>
131	Investments - Unrestricted	626,747	0	234	0	118,806
132	Investments - Restricted	107,830	56,978	0	48,538	0
142	Prepaid Expenses & Other Assets	6,973	201	0	422	83
143	Inventories	75,858	0	0	0	0
143.1	Allowance for Obsolete Inventory	0	0	0	0	0
144	Interprogram Due From	0	232	270	487	96
150	Total Current Assets	<u>862,875</u>	<u>219,682</u>	<u>272,044</u>	<u>449,341</u>	<u>292,583</u>
161	Land	1,514,261	0	0	0	0
162	Buildings	15,206,131	0	0	0	0
163	Furniture & Equipment - Dwellings	381,805	0	0	0	0
164	Furniture & Equipment - Administrative	436,378	20,704	24,167	43,491	0
165	Leasehold Improvements	0	0	0	0	0
166	Accumulated Depreciation	(7,277,696)	(13,067)	(15,252)	(27,448)	0
160	Total Fixed Assets Net	<u>10,260,879</u>	<u>7,637</u>	<u>8,915</u>	<u>16,043</u>	<u>0</u>
180	Total Non-Current Assets	<u>10,260,879</u>	<u>7,637</u>	<u>8,915</u>	<u>16,043</u>	<u>0</u>
190	TOTAL ASSETS	<u>\$ 11,123,754</u>	<u>\$ 227,319</u>	<u>\$ 280,959</u>	<u>\$ 465,384</u>	<u>\$ 292,583</u>

PORTAGE METROPOLITAN HOUSING AUTHORITY
 COMBINING BALANCE SHEET
 FDS SCHEDULE SUBMITTED TO HUD
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 DECEMBER 31, 1999
 (CONTINUED)

14.852 Comp. Program <u>Total</u>	<u>State/ Local</u>	<u>Economic Develop.</u>	<u>Business Activities</u>	
\$ 0	\$ 4,661	\$ 0	\$ 459,305	\$ 1,250,007
0	0	0	0	0
0	0	0	0	55,563
0	0	0	3,929	11,776
<u>0</u>	<u>4,661</u>	<u>0</u>	<u>463,234</u>	<u>1,317,346</u>
0	0	0	0	100
0	0	9,428	0	210,380
0	0	0	0	0
0	0	0	7,352	22,493
0	0	0	(6,092)	(18,966)
0	0	0	14,500	14,500
<u>0</u>	<u>0</u>	<u>9,428</u>	<u>15,760</u>	<u>228,507</u>
0	296,911	0	1,000,000	2,042,698
0	0	0	0	213,346
0	0	0	840	8,519
0	0	0	0	75,858
0	0	0	0	0
0	0	0	610	1,695
<u>0</u>	<u>301,572</u>	<u>9,428</u>	<u>1,480,444</u>	<u>3,887,969</u>
0	100,713	0	19,187	1,634,161
0	201,707	0	979,114	16,386,952
0	0	0	0	381,805
0	6,197	0	4,471	535,408
0	0	0	0	0
0	(46,410)	0	(173,909)	(7,553,782)
<u>0</u>	<u>262,207</u>	<u>0</u>	<u>828,863</u>	<u>11,384,544</u>
<u>0</u>	<u>262,207</u>	<u>0</u>	<u>828,863</u>	<u>11,384,544</u>
<u>\$ 0</u>	<u>\$ 563,779</u>	<u>\$ 9,428</u>	<u>\$ 2,309,307</u>	<u>\$ 15,272,513</u>

PORTAGE METROPOLITAN HOUSING AUTHORITY
 COMBINING BALANCE SHEET
 FDS SCHEDULE SUBMITTED TO HUD
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 DECEMBER 31, 1999

FDS Line Item No.	Account Description	14.850 Low Rent Public Housing	14.855 Section 8 Rent VO Program	14.856 Section 8 Rent MOD Rehab	14.857 Section 8 Rent CE Program	Section 8 New Constr.
LIABILITIES						
311	Bank Overdraft	\$ 0	\$ 26,069	\$ 0	\$ 0	\$ 0
312	Accounts Payable,<= 90 Days	40,306	598	698	1,256	248
313	Accounts Payable,>= 90 Days - Past Due	0	4,857	1,951	138,363	0
321	Accrued Wages/Payroll Taxes	14,812	2,250	2,626	4,518	812
322	Accrued Compensated Absence	39,842	7,736	9,033	16,254	361
325	Accrued Interest Payable	0	0	0	0	0
331	Accounts Payable - HUD PHA Prog.	0	0	69,012	15,980	96,869
333	Accounts Payable - Other Governments	32,576	0	0	0	0
341	Tenant Security Deposits	47,444	0	0	0	0
342	Deferred Revenues	197	0	0	0	0
343	Current Portion of Long-Term Debt - Capital Projects	0	0	0	0	0
345	Other Current Liabilities	0	0	0	0	0
346	Accrued Liabilities - Other	0	8,007	9,347	16,820	3,319
347	Interprogram Due To	1,565	0	0	0	0
310	Total Current Liabilities	<u>176,742</u>	<u>49,517</u>	<u>92,667</u>	<u>193,191</u>	<u>101,609</u>
351	Long-Term Debt, Net of Current Capital Projects	0	0	0	0	0
353	Non-Current Liabilities - Other	0	82,581	77,147	70,426	35,956
350	Total Non-Current Liabilities	<u>0</u>	<u>82,581</u>	<u>77,147</u>	<u>70,426</u>	<u>35,956</u>
300	TOTAL LIABILITIES	<u>176,742</u>	<u>132,098</u>	<u>169,814</u>	<u>263,617</u>	<u>137,565</u>
502	Project Notes (HUD)	0	0	0	0	0
504	Net HUD PHA Contributions	10,919,235	11,873	13,859	24,940	129,905
507	Other Contributions	430	395	461	830	0
508	Total Contributed Capital	<u>10,919,665</u>	<u>12,268</u>	<u>14,320</u>	<u>25,770</u>	<u>129,905</u>
512	Retained Earnings	27,347	82,953	96,825	175,997	25,113
513	Total Equity	<u>10,947,012</u>	<u>95,221</u>	<u>111,145</u>	<u>201,767</u>	<u>155,018</u>
600	TOTAL LIABILITIES AND EQUITY	<u><u>\$ 11,123,754</u></u>	<u><u>\$ 227,319</u></u>	<u><u>\$ 280,959</u></u>	<u><u>\$ 465,384</u></u>	<u><u>\$ 292,583</u></u>

PORTAGE METROPOLITAN HOUSING AUTHORITY
 COMBINING BALANCE SHEET
 FDS SCHEDULE SUBMITTED TO HUD
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 DECEMBER 31, 1999
 (CONTINUED)

14.852 Comp. Program	State/ Local	Economic Develop.	Business Activities	Total
\$ 0	\$ 0	\$ 9,428	\$ 0	\$ 35,497
0	0	0	1,003	44,109
0	0	0	0	145,171
0	42	0	4,372	29,432
0	312	0	15,322	88,860
0	0	0	41,509	41,509
0	0	0	0	181,861
0	0	0	0	32,576
0	0	0	3,974	51,418
0	0	0	0	197
0	0	0	55,289	55,289
0	0	0	0	0
0	0	0	13,425	50,918
0	130	0	0	1,695
<u>0</u>	<u>484</u>	<u>9,428</u>	<u>134,894</u>	<u>758,532</u>
0	0	0	573,939	573,939
0	0	0	1,371,747	1,637,857
<u>0</u>	<u>0</u>	<u>0</u>	<u>1,945,686</u>	<u>2,211,796</u>
<u>0</u>	<u>484</u>	<u>9,428</u>	<u>2,080,580</u>	<u>2,970,328</u>
0	0	0	0	0
0	0	0	0	11,099,812
0	0	0	0	2,116
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>11,101,928</u>
0	563,295	0	228,727	1,200,257
0	563,295	0	228,727	12,302,185
<u>0</u>	<u>563,779</u>	<u>9,428</u>	<u>2,309,307</u>	<u>15,272,513</u>

PORTAGE METROPOLITAN HOUSING AUTHORITY
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN RETAINED EARNINGS
 FDS SCHEDULE SUBMITTED TO HUD
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 FOR THE YEAR ENDED DECEMBER 31, 1999

FDS Line Item No.	Account Description	14.850 Low Rent Public Housing	14.855 Section 8 Rent VO Program	14.856 Section 8 Rent MOD Rehab	14.857 Section 8 Rent CE Program	Section 8 New Constr.
	REVENUE					
703	Net Tenant Rental Revenue	\$ 554,702	\$ 0	\$ 0	\$ 0	\$ 0
704	Tenant Revenue - Other	9,234	0	0	0	0
705	Total Tenant Revenue	<u>563,936</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
706	HUD PHA Grants	406,265	950,246	1,051,048	2,000,986	423,275
711	Investment Income - Unrestricted	31,659	0	3,267	4,908	8,911
714	Fraud Recovery	0	0	0	0	0
715	Other Revenue	44,138	2	2	5	0
716	Gain/Loss on Sale of Fixed Assets	(42,222)	(1,029)	(1,201)	(2,162)	0
720	Investment Income Restricted	5,489	2,799	0	971	0
700	Total Revenue	<u>1,009,265</u>	<u>952,018</u>	<u>1,053,116</u>	<u>2,004,708</u>	<u>432,186</u>
	EXPENSES					
911	Administrative Salaries	182,197	50,362	58,786	105,793	2,181
912	Auditing Fees	1,866	503	587	1,056	500
913	Outside Management Fees	437	0	0	0	0
914	Compensated Absences	37,095	5,265	6,146	12,598	225
915	Employee Benefit Contributions - Administrative	76,782	19,552	22,822	41,072	852
916	Other Operating - Administrative	34,595	10,648	12,428	22,367	0
924	Tenant Services - Other	0	0	0	0	0
931	Water	123,534	0	0	0	0
932	Electricity	73,733	0	0	0	0
933	Gas	11,090	0	0	0	0
938	Other Utilities Expense	0	0	0	0	0
941	Ordinary Maintenance & Operations-Labor	114,533	0	0	0	0
942	Ordinary Maintenance & Operations-Materials	91,753	3,678	4,293	7,726	0
943	Ordinary Maintenance & Operations- Construction Cost	97,485	0	0	0	0
945	Employee Benefit Contributions - Ordinary Maintenance	45,094	0	0	0	0
953	Protective Services - Other	0	0	0	0	0
961	Insurance Premiums	27,771	328	383	689	18
962	Other General Expenses	0	0	0	0	0
963	PILOT	35,558	0	0	0	0
964	Bad Debts - Tenant Rents	25,330	0	0	0	0
967	Interest Expense	0	0	0	0	0
	Total Operating Expenses	<u>978,853</u>	<u>90,336</u>	<u>105,445</u>	<u>191,301</u>	<u>3,776</u>
970	Excess Operating Revenues Over Expenses	30,412	861,682	947,671	1,813,407	428,410
	OTHER EXPENSES					
971	Extraordinary Maintenance	30,887	0	0	0	0
973	Housing Assistance Payments	0	858,927	943,885	1,795,674	399,879
974	Depreciation Expense	604,983	3,119	3,641	6,552	0
900	Total Expenses	<u>1,614,723</u>	<u>952,382</u>	<u>1,052,971</u>	<u>1,993,527</u>	<u>403,655</u>
1000	Excess of Revenue Over Expenses	(605,458)	(364)	145	11,181	28,531
1101	Capital Contributions	0	0	0	0	0
1103	Beginning Equity, Restated	21,164,663	111,909	130,054	224,876	126,487
1104	Prior Period Adjustment & Equity Trans.	(9,612,193)	(16,324)	(19,054)	(34,290)	0
	ENDING EQUITY	<u>\$10,947,012</u>	<u>\$ 95,221</u>	<u>\$ 111,145</u>	<u>\$ 201,767</u>	<u>\$ 155,018</u>

PORTAGE METROPOLITAN HOUSING AUTHORITY
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN RETAINED EARNINGS
 FDS SCHEDULE SUBMITTED TO HUD
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 FOR THE YEAR ENDED DECEMBER 31, 1999
 (CONTINUED)

14.852 Comp. Program	State/ Local	Economic Develop.	Business Activities	Total
\$ 0	\$ 0	\$ 0	\$ 150,005	\$ 704,707
0	0	0	1,802	11,036
<u>0</u>	<u>0</u>	<u>0</u>	<u>151,807</u>	<u>715,743</u>
127,656	0	15,867	1,522,722	6,498,065
0	15,546	0	19,468	83,759
0	0	0	0	0
0	5,413	0	60,717	110,277
0	0	0	(20)	(46,634)
0	0	0	0	9,259
<u>127,656</u>	<u>20,959</u>	<u>15,867</u>	<u>1,754,694</u>	<u>7,370,469</u>
82,646	20,504	11,441	95,273	609,183
2,250	0	0	927	7,689
0	13,798	0	0	14,235
0	0	0	10,935	72,264
24,260	6,541	3,978	3,992	199,851
1,135	4,424	425	19,790	105,812
2,283	0	0	0	2,283
0	0	0	10,612	134,146
0	0	0	4,487	78,220
0	0	0	7,059	18,149
0	1,975	0	2,611	4,586
0	0	0	9,298	123,831
0	0	0	14,637	122,087
0	0	0	12,213	109,698
0	0	0	3,770	48,864
14,822	0	0	0	14,822
260	141	23	2,550	32,163
0	0	0	0	0
0	0	0	0	35,558
0	0	0	9,414	34,744
0	0	0	45,220	45,220
<u>127,656</u>	<u>47,383</u>	<u>15,867</u>	<u>252,788</u>	<u>1,813,405</u>
<u>0</u>	<u>(26,424)</u>	<u>0</u>	<u>1,501,906</u>	<u>5,557,064</u>
0	0	0	0	30,887
0	0	0	1,360,586	5,358,951
0	9,352	0	41,484	669,131
<u>127,656</u>	<u>56,735</u>	<u>15,867</u>	<u>1,654,858</u>	<u>7,872,374</u>
<u>0</u>	<u>(35,776)</u>	<u>0</u>	<u>99,836</u>	<u>(501,905)</u>
0	0	0	0	0
0	648,374	0	(390,270)	22,016,093
0	(49,303)	0	519,161	(9,212,003)
<u>\$ 0</u>	<u>\$ 563,295</u>	<u>\$ 0</u>	<u>\$ 228,727</u>	<u>\$ 12,302,185</u>

PORTAGE METROPOLITAN HOUSING AUTHORITY
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN RETAINED EARNINGS
 FDS SCHEDULE SUBMITTED TO HUD
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 FOR THE YEAR ENDED DECEMBER 31, 1999

FDS Line Item No.	<u>Account Description</u>	14.850 Low Rent Public Housing	14.855 Section 8 Rent VO Program	14.856 Section 8 Rent MOD Rehab	14.857 Section 8 Rent CE Program	Section 8 New Constr.
1101	Capital Outlays Enterprise Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
1103	Beginning Equity	21,164,663	111,909	130,054	224,876	126,487
1104	Prior Period Adjustment and Equity Transfers	(9,612,193)	(16,324)	(19,054)	(34,290)	0
1112	Depreciation Add Back	604,983	3,119	3,641	6,552	0
1113	Maximum Annual Contributions	0	897,668	1,364,147	2,302,156	590,136
1115	Contingency Reserve	0	577,480	6,985,643	1,297,754	1,719,408
1116	Total Annual Contributions Available	0	1,475,148	8,349,790	3,599,910	2,309,544
1120	Unit Months Available	3,613	2,236	2,610	5,640	960
1121	Number of Unit Months Leased	3,553	2,236	2,610	4,697	927

PORTAGE METROPOLITAN HOUSING AUTHORITY
 ADDITIONAL FDS SCHEDULE INFORMATION
 FDS SCHEDULE SUBMITTED TO HUD
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 FOR THE YEAR ENDED DECEMBER 31, 1999
 (CONTINUED)

14.852 Comp. Program	State/ Local	Economic Develop.	Business Activities	Total
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	648,374	0	(390,270)	22,016,093
0	(49,303)	0	519,161	(9,212,003)
0	9,352	0	41,484	669,131
0	0	0	0	5,154,107
0	0	0	0	10,580,285
0	0	0	0	15,734,392
0	0	0	3,924	18,983
0	0	0	3,749	17,772

PORTAGE METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 1999

<u>Federal Grantor/ Pass Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Funds Expended</u>
<u>From U.S. Department of HUD</u>		
<u>Direct Programs</u>		
<u>U.S. Department of HUD</u>		
PHA Owned Housing:		
Public and Indian Housing Operating Subsidy	14.850	\$ 406,265
Total Public and Indian Housing Program	14.850	<u>406,265</u>
Comprehensive Grants:	14.859	
704		4,731
705		220,510
706		165,477
707		6,227
Total Comprehensive Grants	14.859	<u>396,945</u>
Section 8 Cluster Programs:		
Housing Assistance Payments:		
Annual Contribution - Existing	14.857	1,993,527
- MR 1	14.856	176,928
- MR 2	14.856	397,943
- MR 3	14.856	492,153
- Vouchers	14.855	952,382
- New Construction	14.182	403,655
- Move-to-Work		1,360,586
Total Section 8 Cluster Programs		<u>5,777,174</u>
Economic Development & Supportive Services Program	14.864	<u>15,867</u>
Total U.S. Department of HUD		<u>6,596,251</u>
<u>U.S. Department of Education</u>		
Gateway Grant - Adult Basic Education	84.002	1,862
Total U. S. Department of Education		<u>1,862</u>
TOTAL ALL PROGRAMS		<u><u>\$6,598,113</u></u>

PORTAGE METROPOLITAN HOUSING AUTHORITY
RAVENNA, OHIO
STATEMENT OF MODERNIZATION/DEVELOPMENT COST-COMPLETED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1999

Annual Contribution Contract C-5501

1. The Housing Authority certifies to the Department of Housing and Urban Development as follows:

	CGP Project <u>OH12PO31704</u>
Funds Approved	\$ 452,756
Funds Expended	452,756
Excess (Deficiency) Funds Approved	\$ 0
Funds Advanced	\$ 452,756
Funds Expended	452,756
Excess (Deficiency) of Funds Advanced	\$ 0

2. That all modernization work in connection with the Modernization Grant has been completed;
3. That the entire Actual Modernization Cost or liabilities therefore incurred by the Housing Authority have been fully paid;
4. That there are no discharged mechanic's, laborer's, contractor's, or material-men's 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; and
5. That the time in which such liens could be filed has expired.

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

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

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

Board of Directors
Portage Metropolitan Housing Authority
Ravenna, Ohio 44266

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited the general purpose financial statements of the Portage Metropolitan Housing Authority as of and for the year ended December 31, 1999, and have issued our report thereon dated August 31, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Portage Metropolitan Housing Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors, management, Auditor of State and Federal Award Agencies and is not intended to be and should not be used by anyone other than these specified parties.

August 31, 2000

James G. Zupka
Certified Public Accountant

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

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

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

Board of Directors
Portage Metropolitan Housing Authority
Ravenna, Ohio 44266

Regional Inspector General of Audit
Department of Housing and Urban
Development

Compliance

We have audited the compliance of the Portage Metropolitan Housing Authority with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133* that are applicable to each of its major federal programs for the year ended December 31, 1999. Portage Metropolitan Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants, applicable to each of its major federal programs is the responsibility of the Portage Metropolitan Housing Authority's compliance based on our audit.

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

In our opinion, Portage Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 1999. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 1999-001.

Internal Control Over Compliance

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

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

This report is intended solely for the information and use of the Board of Directors, management, Auditor of State, and Federal Awarding Agencies and is not intended to be sued by anyone other than these specified parties.

August 31, 2000

James G. Zupka
Certified Public Accountant

PORTAGE METROPOLITAN HOUSING AUTHORITY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 OMB CIRCULAR A-133 & .505
 DECEMBER 31, 1999

1. SUMMARY OF AUDITOR'S RESULTS

1999(i)	Type of Financial Statement Opinion	Unqualified
1999(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
1999(ii)	Were there any other reportable control weakness conditions reported at the financial statements level (GAGAS)?	No
1999(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
1999(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
1999(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
1999(v)	Type of Major Programs' Compliance Opinion	Unqualified
1999(vi)	Are there any reportable findings under .510?	Yes
1999(vii)	Major Programs (list):	Section 8 Cluster CFDA #14.182, 14.855, 14.856 & 14.857
1999(viii)	Dollar Threshold: Type A\B Programs	Type A;>\$300,000 Type B:> all others
1999(ix)	Low Risk Auditee?	Yes

PORTAGE METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 & .505
(CONTINUED)
DECEMBER 31, 1999

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

None.

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

Finding Number 1999-01

The Authority used utility allowance schedules that were inconsistent with HUD approved utility allowance schedules. This resulted in an underpayment to Section 8 tenants of \$145,171.

This underpayment has been occurring since 1995.

We recommend that the Authority recalculate the utility allowances using the approval rate schedules, and refund the difference to the tenants.

PORTAGE METROPOLITAN HOUSING AUTHORITY
CORRECTIVE ACTION PLAN
DECEMBER 31, 1999

<u>Finding Number</u>	<u>Corrective Action</u>	<u>Responsible Person</u>
1999-01	Portage Metropolitan Housing has recalculated the utility allowance differential for each tenant. Some tenants have left the Authority's area and will have to be located. Our Attorney is reviewing the tenant files and letters explaining the situation. Refund checks will issued as soon as possible.	Christie Anderson, Executive Director



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

PORTAGE METROPOLITAN HOUSING AUTHORITY

PORTAGE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 5, 2000**