

***AKRON METROPOLITAN
HOUSING AUTHORITY***

*Single Audit Report
for the Year Ended
June 30, 2000*



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Trustees
Akron Metropolitan Housing Authority
Akron, Ohio

We have reviewed the Independent Auditor's Report of the Akron Metropolitan Housing Authority, Summit County, prepared by Deloitte & Touche LLP, for the audit period July 1, 1999 to June 30, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Akron 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

April 25, 2001

AKRON METROPOLITAN HOUSING AUTHORITY

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Akron Metropolitan Housing Authority
Akron, Ohio

We have audited the accompanying consolidated financial statements of the Akron Metropolitan Housing Authority ("AMHA") as of June 30, 2000 and for the year then ended, listed in the foregoing table of contents. These consolidated financial statements are the responsibility of the management of AMHA. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We did not audit the financial statements of Rosemary Square, Inc. (a not-for-profit organization owned by AMHA), which statements reflect total assets constituting less than one percent of the total assets at June 30, 2000 and total operating revenues constituting two percent of total operating revenues for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Rosemary Square, Inc., is based solely on the report of such other auditors.

We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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 and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of the other auditors, such consolidated financial statements present fairly, in all material respects, the financial position of AMHA as of June 30, 2000, and the results of its operations and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was performed for the purpose of forming an opinion on the basic consolidated financial statements of AMHA taken as a whole. The accompanying supplemental schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic consolidated financial statements. The accompanying supplemental combining balance sheet information, supplemental combining revenues and expenditures information relating to the non-aided program and the supplemental schedule of actual modernization costs incurred on projects closed during the year ended June 30, 2000 are also presented for the purpose of additional analysis and are not a required part of the consolidated financial statements. The aforementioned supplemental schedules and information are also the responsibility of management. Such supplemental schedules and information have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2001 on our consideration of AMHA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Deloitte & Touche LLP

February 2, 2001

AKRON METROPOLITAN HOUSING AUTHORITY

CONSOLIDATED BALANCE SHEET JUNE 30, 2000

ASSETS

CURRENT ASSETS:

Cash and cash equivalents (Note 4)	\$ 24,181,526
Accounts receivable:	
Federal Government - HUD	3,059,482
Tenant (net of allowance for doubtful accounts of \$212,045)	740,917
Other	347,602
Accrued interest receivable	40,850
Escrow funds (Note 9)	703,155
Inventory	950,270
Prepaid and other current assets	<u>200,252</u>
Total current assets	<u>30,224,054</u>

NONCURRENT ASSETS:

Restricted cash and cash equivalents (Note 4)	1,911,682
Note receivable	500,000
Escrow funds and other noncurrent assets (Note 9)	827,254
Land, structures and equipment, net (Note 5)	150,534,735
Assets subject to a sales contract (Note 12)	<u>15,871,270</u>
Total noncurrent assets	<u>169,644,941</u>

TOTAL ASSETS \$ 199,868,995

LIABILITIES AND EQUITY

CURRENT LIABILITIES:

Accounts payable:	
HUD	\$ 4,372,767
Vendors	4,994,264
Accrued liabilities	1,769,707
Deferred revenues	1,774,932
Current portion of long-term debt (Note 6)	<u>468,586</u>
Total current liabilities	13,380,256

NONCURRENT LIABILITIES:

Compensated absences, net of current portion	910,654
Long-term debt, net of current portion (Note 6)	11,823,926
Liabilities subject to sales contract (Note 12)	<u>11,438,787</u>
Total noncurrent liabilities	<u>24,173,367</u>

TOTAL LIABILITIES 37,553,623

EQUITY 162,315,372

TOTAL LIABILITIES AND EQUITY \$ 199,868,995

See notes to consolidated financial statements.

AKRON METROPOLITAN HOUSING AUTHORITY

CONSOLIDATED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN EQUITY YEAR ENDED JUNE 30, 2000

OPERATING REVENUES:

Dwelling rental	\$ 11,637,236
Non-dwelling rental	27,534
Subsidies and grants from HUD	34,076,963
Excess utilities	64,344
Other	<u>1,272,975</u>
Total operating revenues	<u>47,079,052</u>

OPERATING EXPENSES:

Administrative	7,396,884
Tenant service	204,665
Utilities	4,115,928
Ordinary maintenance and operation	9,226,997
General expenses	5,196,713
Nonroutine maintenance	795,316
Protective services	1,149,898
Housing assistance payments	18,874,615
Depreciation and amortization	8,584,954
Drug elimination grants to other organizations	<u>740,508</u>
Total operating expenses	<u>56,286,478</u>

OPERATING LOSS (9,207,426)

OTHER INCOME (EXPENSE):

Investment income	1,568,487
Interest expense	(1,122,565)
Loss from disposition of equipment and real property	(56,942)
Other	<u>(58,161)</u>
Total other income - net	<u>330,819</u>

NET LOSS (8,876,607)

BEGINNING EQUITY AS
PREVIOUSLY STATED

240,221,290

RESTATEMENT OF BEGINNING OF YEAR EQUITY (Note 2)

(82,550,311)

BEGINNING EQUITY, AS RESTATED

157,670,979

CAPITAL GRANTS RECOGNIZED DURING THE YEAR

13,521,000

ENDING EQUITY

\$ 162,315,372

See notes to consolidated financial statements.

AKRON METROPOLITAN HOUSING AUTHORITY

CONSOLIDATED STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2000

CASH FLOWS FROM OPERATING ACTIVITIES:

Operating loss		\$ (9,207,426)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	\$ 8,584,954	
Increase (decrease) in operating assets and liabilities:		
Accounts receivable - HUD	(1,540,220)	
Accounts receivable - tenant and other	(534,641)	
Inventory	(22,896)	
Prepays and other current assets	167,508	
Accounts payable - HUD	2,355,506	
Accounts payable - other	1,684,579	
Accrued liabilities, deferred revenues, and compensated absences	770,491	
Other noncurrent assets	<u>(388,749)</u>	
Total adjustments		<u>11,076,532</u>
Net cash provided by operating activities		1,869,106

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Federal capital grants	13,521,000	
Proceeds from notes	1,700,000	
Principal paid on mortgages and note	(785,573)	
Acquisition and construction of capital assets	(16,064,145)	
Interest paid on mortgages and notes	(1,122,565)	
Deposits on assets held for sale	5,487,733	
Proceeds from sale of equipment	<u>54,651</u>	
Net cash provided by capital financing activities		2,791,101

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest on investments	<u>1,995,064</u>	
Net cash provided by investing activities		<u>1,995,064</u>

CHANGE IN CASH AND CASH EQUIVALENTS 6,655,271

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 21,569,594

CASH AND CASH EQUIVALENTS, END OF YEAR (Note 4) \$ 28,224,865

See notes to consolidated financial statements.

AKRON METROPOLITAN HOUSING AUTHORITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2000

1. DEFINITION OF THE ENTITY

Akron Metropolitan Housing Authority (“AMHA” or the “Authority”) is a political subdivision organized under the laws of the State of Ohio. AMHA is responsible for operating certain low-income housing programs in Summit County under programs administered by the U.S. Department of Housing and Urban Development (“HUD”). These programs provide housing for eligible families under the United States Housing Act of 1937, as amended.

The Authority’s consolidated financial statements include all funds, agencies, boards, commissions, and departments for which the Authority is financially accountable. Financial accountability, as defined by the Governmental Accounting Standards Board (“GASB”), exists if the Authority appoints a voting majority of an organization’s governing board and the Authority is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the Authority. The Authority may also be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the Authority. The Authority also took into consideration other organizations for which the nature and significance of their relationship with the Authority are such that exclusion would cause the Authority’s general purpose financial statements to be misleading or incomplete. Based upon the foregoing criteria, the Authority has no component units.

The accompanying consolidated financial statements include all funds and departments of AMHA as well as the accounts of Rosemary Square, Inc. (“Rosemary Square”), a not-for-profit entity acquired by AMHA during the year ended June 30, 1996. Rosemary Square provides housing and related facilities and services for elderly families and persons and families of low income.

HUD requires all grantee agencies and authorities to maintain a separate ledger for each grant/granting contract. Accordingly, AMHA maintains a separate ledger for each of the following programs/grants:

- a. ***Annual Contributions Contract ("ACC") C-959*** - The following programs are operated under the contract:

Low Rent Housing Program - Under this program, which is sponsored by HUD, AMHA manages approximately 5,000 public housing units which are owned by AMHA. AMHA operates the program with the proceeds of rentals received from tenants and contributions and subsidies received from HUD under contractual agreement.

Comprehensive Grant Programs (Modernization and Development) - HUD funding of modernization and development programs through September 30, 1986 was accomplished through project notes; after that time, HUD funding was accomplished through grants.

Drug Grant - Under this program, AMHA receives drug grant funds from HUD for the purpose of eliminating illegal drugs from its housing projects.

Service Coordinator Grant - Under this program, AMHA receives service coordinator funds from HUD for the purpose of providing elderly and disabled individuals with services to increase their independent living.

- b. **ACC C-10003** - Housing Assistance Program (“HAP”) - Under this HUD Section 8 Program, AMHA contracts with private landlords and subsidizes the rental of approximately 3,600 public housing dwelling units. Under this program, HAP payments are made to the landlord on behalf of the tenant for the difference between the contract rent amount and the amount the tenant is able to pay.

Shelter Plus Care Grant - Under this grant, AMHA receives money for the purpose of providing housing for those individuals who have contracted the AIDS virus, recovering drug addicts, and individuals who have been homeless for an excessive amount of time.

- c. **Non-Aided** - HAP Program - Under this HUD Section 8 Program, AMHA receives rental subsidies for approximately 200 owned public housing dwelling units. As with the HAP above, payments are received by AMHA from HUD for the difference between the contract rent amount and the amount the tenant is able to pay.

2. CHANGE IN METHOD OF ACCOUNTING

Effective July 1, 1999, the Authority converted its financial statements from the HUD basis of accounting to accounting principles generally accepted in the United States of America (“GAAP”). The significant changes include the following items:

- a. Depreciation expense and accumulated depreciation are recorded on structures and equipment.
- b. Investments are presented at fair market value.
- c. Bonds and notes guaranteed and paid by HUD are recorded as capital contributions.
- d. Liabilities for compensated absences and contingent liabilities are accrued.
- e. Certain administrative and soft costs related to development and modernization projects are expensed rather than capitalized.
- f. An allowance for bad debts is recorded for potential uncollectible amounts.

An adjustment was recorded to beginning equity to account for the effect of this conversion and includes the following:

Administrative and soft costs	\$ (8,353,327)
Accumulated depreciation	(92,854,886)
HUD-guaranteed debt	19,555,984
Compensated absences and contingent liabilities	(714,008)
Allowance for bad debts	<u>(184,074)</u>
Total adjustment reducing beginning equity	<u>\$ (82,550,311)</u>

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

AMHA operates under a series of enterprise funds and has prepared its consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”).

In accordance with Statement No. 20 of the GASB *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the Authority has elected not to apply the provisions of the Statements and Interpretations of the Financial Accounting Standards Board issued after November 30, 1989. The Authority will continue to apply all applicable pronouncements of the GASB.

The significant accounting policies under which the financial statements have been prepared are as follows:

- a. **Restricted and Unrestricted Cash Equivalents** include investments with original maturities of three months or less. Cash equivalents are carried at fair value.
- b. **Land, Structures and Equipment** are capitalized at cost. Structures and equipment are depreciated over the estimated useful lives of the assets using the straight-line method. Buildings are depreciated over 40 years and equipment is depreciated over 3 to 5 years.
- c. **Compensated Absences** - Sick leave is earned at a rate of 4.6 hours for each 80 hours worked and up to 960 hours of accumulated, unused sick leave is paid upon retirement. At June 30, 2000, the liability for unused sick leave was \$960,000.

Vacation leave is earned at a rate ranging from eight hours to 16.66 hours per month based upon years of service. Vacation time may be carried over from year to year up to two maximum of 96 hours. Accumulated, unused vacation time is due and payable to employees upon separation from the Authority. At June 30, 2000, the liability for unused vacation was \$466,000.

The current portion of these amounts is included in accrued liabilities in the accompanying consolidated balance sheet.

- d. **Debt Obligations** - Debt obligations (and the related debt service requirements) of the Authority consist of mortgages and a note for the purchase of real property. HUD-guaranteed debt is treated as contributed capital as all debt service requirements are paid directly by HUD.
- e. **Recognition of Revenues and Expenses** - Contributions and subsidies received from HUD are generally recognized as revenues in the Annual Contributions Contract year, except for HAP payments received under the Non-Aided Program which are recognized as dwelling rental revenue when earned. Tenant rentals are recognized as revenues in the month of occupancy. Contributions under the Comprehensive Grant Program (CGP) are recognized as revenues in the period in which expenses related to CGP projects were incurred. Rentals and grants received in advance of the period in which they are recognized are recorded as deferred revenue.

Expenses are recognized on an accrual basis, in accordance with GAAP.

- f. **Indirect Costs** - Certain indirect costs are allocated to the various programs under a HUD approved indirect cost allocation plan.
- g. **Inventory** is valued using an average costing method. Expense is recorded based upon consumption.
- h. **Use of Estimates** - The preparation of the consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

4. DEPOSITS AND INVESTMENTS

Legal and Other Requirements - The investment and deposit of Authority monies are governed by the provisions of the Ohio Revised Code and the Authority's written investment policy. Only banks located in Ohio and domestic building and loan associations are eligible to hold public deposits. The Authority is also generally permitted to invest its monies in certificates of deposit, savings accounts, money market accounts, certain highly rated commercial paper, the State Treasurer's investment pool (STAR Ohio), and obligations of certain political subdivisions of Ohio and the United States government and its agencies. These investments must mature within five years of their purchase. The Authority may also enter into repurchase agreements with any eligible depository or any eligible dealer for a period not exceeding thirty days.

Public depositories must give security for all public funds on deposit. HUD requires specific collateral on individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation. Repurchase agreements must be secured by the specific qualifying securities upon which the repurchase agreements are based. These securities must mature or be redeemable within five years of the date of the related repurchase agreement. The market value of the securities subject to a repurchase agreement must exceed the value of the principal by 2% and be marked to market daily. State law does not require security for public deposits and investments to be maintained in the Authority's name.

The Authority is prohibited from investing in any financial instruments, contracts, or obligations whose value or return is based upon or linked to another asset or index, or both, separate from the financial instrument, contract, or obligation itself (commonly known as a "derivative"). The Authority is also prohibited from investing in reverse purchase agreements.

Governmental Accounting Standards Board Statement No. 3 (GASB No. 3) has established custodial credit risk categories for deposits and investments as follows:

Deposits:

- Category 1 Insured or collateralized with securities held by the Authority or by its agent in the Authority's name.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name.
- Category 3 Uncollateralized as defined by the GASB (securities pledged with the pledging financial institution's trust department or agent, but not in the Authority's name).

Investments:

- Category 1 Insured or registered, or securities held by the Authority or its agent in the Authority's name.
- Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Authority's name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Authority's name.

Deposits - At year-end, the carrying amount of AMHA's deposits was \$3,259,865 and the bank balance was \$3,690,362, the difference representing outstanding checks and other in-transit items. \$500,000 of the bank balance was covered by federal depository insurance. The remainder was uninsured and uncollateralized, but were covered by a pledged collateral pool, as allowed by State law.

Investments - AMHA's investments are categorized below to give an indication of the level of custodial credit risk assumed by the entity at year-end. The risk categories were described previously in this footnote.

Description	Risk Category			Fair Value
	1	2	3	
Repurchase Agreements		\$ 24,965,000		<u>\$ 24,965,000</u>
Total Investments				<u><u>\$ 24,965,000</u></u>

A reconciliation of cash and investments as shown on the Combined Balance Sheet follows:

Cash and cash equivalents	\$24,181,526
Restricted cash and cash equivalents	1,911,682
Escrow funds (Note 9)	1,094,484
Wilbeth Arlington cash and cash equivalents (Note 12)	182,149
Wilbeth Arlington escrow funds (Note 12)	<u>855,024</u>
Total	<u><u>\$28,224,865</u></u>
Carrying amount of deposits	\$ 3,259,865
Carrying amount of investments	<u>24,965,000</u>
Total	<u><u>\$28,224,865</u></u>

5. LAND, STRUCTURES AND EQUIPMENT

A summary of changes to land, structures and equipment and accumulated depreciation is as follows:

Program	Land	Structures	Equipment	Construction In Progress	Accumulated Depreciation	Net
ACC C-959	\$17,147,202	\$ 164,315,715	\$ 5,182,742	\$ 28,808,581	\$ (94,846,487)	\$ 120,607,753
ACC C-10003			779,816		(464,906)	314,910
Non-Aided	<u>4,341,949</u>	<u>28,213,010</u>	<u>730,954</u>		<u>(3,673,841)</u>	<u>29,612,072</u>
Total	<u><u>\$21,489,151</u></u>	<u><u>\$ 192,528,725</u></u>	<u><u>\$ 6,693,512</u></u>	<u><u>\$ 28,808,581</u></u>	<u><u>\$ (98,985,234)</u></u>	<u><u>\$ 150,534,735</u></u>

6. LONG TERM DEBT

Notes and mortgages payable at June 30, 2000 consist of four separate notes as follows:

Project	Interest Rate	Monthly Payment Including Interest	Maturity Date (Fiscal Year)	Amount
Non-Aided Mortgages	4.99 %	\$ 28,372	2011	\$ 2,711,796
Rosemary Square, Inc. Mortgage	7.00 %	28,578 *	2015	1,198,625
Central Office Mortgage	Variable	**	2018	6,700,000
Midtown Note	5.81 %	14,172	2005	<u>1,682,091</u>
Total				<u>\$ 12,292,512</u>

* - Net of HUD subsidy

** - The Central Office mortgage has a variable rate of interest based on the Weekly Interest Rate for such one week period as defined in the loan agreement. At June 30, 2000, the interest rate in effect was 4.97%. This interest rate was utilized in the calculation of future debt service requirements.

As of June 1, 1996, AMHA purchased Rosemary Square. As part of this purchase, AMHA assumed Rosemary Square's HUD insured mortgage which had a stated interest rate of 7%. The mortgage was structured under Section 236 of the National Housing Act, as amended, and provides for a HUD subsidy representing a reduction of the mortgage principal and interest payments, thereby reducing the effective rate of interest on the mortgage to 1%. In connection with the accounting for the purchase, AMHA recorded Rosemary Square's HUD insured mortgage at its estimated fair value which was determined by discounting the remaining payments due under the mortgage (net of the HUD subsidy) by AMHA's estimated, incremental borrowing rate of 8.25% at the date of the acquisition. The difference between the estimated fair value of the debt and its remaining stated balance at the date of the acquisition is being amortized to interest expense using the constant effective yield method. At June 30, 2000, the difference between the carrying value and remaining stated value of the Rosemary Square HUD-insured mortgage was \$1,980,891.

Effective July 1, 1999, AMHA refinanced the certain Non-Aided mortgages payable related to projects 406A, 408A, 409A, and 419A with First Merit Bank. The principal balance of \$2,910,226 is payable in monthly installments of \$28,372 from August 1, 1999 through September 1, 2010. Interest is payable monthly at a rate of 4.99%. The July 1, 1999 payment, of which \$18,361 was allocated to principal and \$15,823 to interest, was made in accordance with the terms in effect prior to the refinancing.

On March 1, 2000, AMHA obtained financing in the form of a general obligation promissory note in the amount of \$1,700,000. The proceeds of the note were used for the purchase of real property, a building, and all building improvements from the Midtown Partners Limited Partnership. The note, due to First Merit Bank, N.A., is payable in monthly installments of \$14,172 from April 1, 2000 to March 1, 2005. Interest is payable monthly at a rate of 5.81%.

The following is a summary of AMHA's future debt service requirements for mortgages payable as of June 30, 2000:

Fiscal Year	Principal	Interest
2001	\$ 468,586	\$ 644,108
2002	514,344	628,646
2003	544,191	600,225
2004	570,228	570,180
2005	1,866,128	526,276
2006-2010	3,007,160	1,854,879
2011-2015	2,106,875	1,133,031
2016-2018	<u>3,215,000</u>	<u>388,468</u>
Total	<u>\$12,292,512</u>	<u>\$ 6,345,813</u>

In 1991, AMHA executed an in-substance defeasance of certain debt relating to AMHA's Wilbeth Arlington facilities by obtaining a mortgage loan on the property. Certain of the proceeds of the \$7,800,000 mortgage along with a portion of the escrow funds which had previously been established for the defeased debt were used to purchase U.S. Treasury securities in the amount of \$8,956,618. These securities were placed on deposit with a trustee bank to effect the defeasance. Accordingly, the deposits with the trustee bank and the defeased debt are not included in AMHA's combined financial statements. The remaining funds received by the Authority as a result of the defeasance are restricted by HUD to be used for rehabilitation and/or development of housing stock and are classified as "Escrow funds and other noncurrent assets" on the accompanying consolidated balance sheet (See Note 9).

7. RETIREMENT BENEFITS

a. Public Employees Retirement System of Ohio

Plan Description - Employees of AMHA belong to the Public Employees Retirement System of Ohio ("PERS"), a state-wide and state administered defined benefit, cost-sharing multigovernmental employer pension plan, as required by the Ohio Revised Code ("ORC"). PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 145 of the ORC. PERS issues a stand-alone financial report that includes financial statements and required supplementary information. The financial report may be obtained by making a written request to the Public Employees Retirement System of Ohio, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

Funding Policy - The ORC provides statutory authority for employee and employer contributions. Employees other than law enforcement personnel are required to contribute 8.5% of their covered payroll to PERS. The employer contribution rate for local government employer units is 13.55% of covered payroll, including 4.2% that is used to fund postretirement healthcare benefits. The Authority's total contributions to PERS for pension benefits (excluding the amount relating to postretirement benefits) for the years ended June 30, 2000, 1999, and 1998 were \$1,642,578, \$1,614,929 and \$1,497,253, respectively, equal to 100% of the required contribution for each year.

b. **Other Postemployment Benefits**

Benefits Provided Through PERS - PERS provides postretirement healthcare coverage to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Healthcare 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 funding of postretirement healthcare. The ORC provides statutory authority requiring public employers to fund postretirement healthcare through their contributions to PERS. The portion of the employer contribution rate used to fund healthcare was 5.11% of covered payroll in each year prior to January 1, 1998. During 1997, PERS adopted a new calculation methodology for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998, employer contributions equal to 4.2% of member covered payroll are set aside to fund healthcare expenses. Under the prior method, which was actuarially based, accrued liabilities and normal cost rates were computed to determine the amount of employer contributions necessary to fund OPEB. The Authority's total contributions to PERS for postretirement benefits were \$420,389, \$409,005 and \$431,352 for the years ended June 30, 2000, 1999, and 1998, respectively.

OPEB is financed through employer contributions and investment earnings thereon. The contributions allocated to retiree healthcare, along with investment income on allocated assets and periodic adjustments in healthcare provision, are expected to be sufficient to sustain the program indefinitely.

PERS's expenditures for OPEB during 1999 were \$523,599,349. As of December 31, 1999, (the latest information available) the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641. The number of benefit recipients eligible for OPEB at December 31, 1999 was 118,062.

8. INSURANCE COVERAGE

AMHA is covered for property damage, general liability, automobile liability, law enforcement liability, public officials liability other crime liabilities through membership in Ohio Housing Authority Property Casualty, Inc. ("OHAPCI"). OHAPCI is an insurance risk pool comprised of four Ohio housing authorities (of which AMHA is one). Deductibles and coverage limits are summarized below:

	Deductible	Coverage Limits
Property	\$ 10,000	\$ 50,000,000 (per location)
General Liability	0	5,000,000
Automobile	500	5,000,000
Law Enforcement	5,000	5,000,000
Public officials	5,000	5,000,000

Additionally, workers' compensation insurance is maintained through the State of Ohio Bureau of Workers' Compensation, in which rates are calculated retrospectively. AMHA is also fully insured through a premium payment plan with Medical Mutual of Ohio for employee health care benefits. Settled claims have not exceeded the Authority's insurance coverage in any of the past three years.

9. ESCROW FUNDS AND OTHER ASSETS

Current escrow funds of \$703,155 consist of contract retainers held in escrow on uncompleted construction contracts.

Non-current escrow funds and other assets consist of the following:

Description	
Defeasance mortgage funds (Note 6)	\$ 150,000
Defeasance bond funds (Note 6)	130,205
Escrow funds - Rosemary Square	391,329
Deposits and other noncurrent assets	<u>155,720</u>
	<u>\$ 827,254</u>

Non-current escrow funds and defeasance funds include amounts restricted for debt service and extraordinary maintenance. These funds are invested in U.S. Government securities. These securities are carried at maturity value less unamortized purchase discounts, which approximates market value.

10. PAYMENTS IN LIEU OF TAXES

AMHA has cooperation agreements with certain municipalities under which it makes payments in lieu of real estate taxes for various public services. Expense recognized for payments in lieu of taxes totaled \$361,613 for the year ended June 30, 2000.

11. LITIGATION

AMHA is party to various legal proceedings. In the opinion of AMHA, the ultimate disposition of these proceedings will not have a material adverse effect on AMHA's financial position. No provision has been made in the consolidated financial statements for the effect, if any, of such contingencies.

12. WILBETH ARLINGTON FACILITIES

In December 1996, AMHA agreed to participate in a Low-Income Housing Tax Credit Program under Section 42(h)(1)(E) of the Internal Revenue Code. Under this program, the Authority's Wilbeth Arlington low income housing facilities, related escrow funds and first mortgage payable, and certain other assets and liabilities were transferred to a newly formed limited liability partnership for the purpose of the limited liability partnership realizing certain low-income housing tax credits available from the State of Ohio. AMHA retained ownership of the Wilbeth Arlington land and indirectly controls the general partner of the limited liability partnership through the appointment of the general partner's board of directors. The limited partners, which own 99% of the limited liability partnership, are composed of outside investors.

The limited liability partnership has provided AMHA a \$2.4 million second mortgage on the property and a \$2.2 million unsecured promissory note, which are equal to the excess of the fair value of the property transferred over the outstanding balance of the first mortgage. The second mortgage is due on December 31, 2014 and bears interest at 9.75% annually. Interest payments are to be made only to the extent of available cash flow, as defined. AMHA has also guaranteed the repayment of the first mortgage which bears interest at 10.08% annually and is payable as follows:

Fiscal Year	Principal	Interest	Total
2001	\$ 349,108	\$ 575,600	\$ 924,708
2002	385,971	538,738	924,708
2003	426,725	497,983	924,708
2004	471,783	452,925	924,708
2005	521,598	403,110	924,708
2006-2010	3,560,042	1,063,500	4,623,542
2011-2014	<u>152,196</u>	<u>1,922</u>	<u>154,118</u>
Total	<u>\$5,867,423</u>	<u>\$3,533,778</u>	<u>\$ 9,401,200</u>

Prior to 2000, AMHA provided the limited liability partnership loans from its Non-Aided Program to provide funds for the rehabilitation of the facilities. Amounts loaned are secured by a third mortgage on the facilities, bear interest at an annual rate of 9.5%, have a maturity date of December 31, 2014 and are payable solely from available cash flow, as defined. The amount outstanding under these loans at June 30, 2000 was approximately \$700,000.

Because AMHA retained a substantial continuing involvement with the property subsequent to the transaction through its control of the general partner and guarantee of the first mortgage, AMHA has not recognized this transaction as a sale of the property in the accompanying consolidated financial statements. In addition, the second and third mortgages receivable along with the unsecured promissory note receivable have also not been recognized. Instead, amounts spent by AMHA to rehabilitate the facilities have been added to the carrying value of the facilities and the assets and liabilities of the Wilbeth Arlington facilities are shown as "Assets subject to a sales contract" and "Liabilities related to a sales contract," respectively. These amounts are composed of the following:

Assets subject to a sales contract:	
Structures and equipment, net	\$ 14,012,757
Escrow funds and other non-current assets	855,024
Cash and cash equivalents	182,149
Other	<u>821,340</u>
Total	<u>\$ 15,871,270</u>
Liabilities related to a sales contract:	
First mortgage payable	\$ 5,867,423
Deposits on sales contract	5,446,423
Other	<u>124,941</u>
Total	<u>\$ 11,438,787</u>

The total revenues and expenses of the Wilbeth Arlington facilities for the year ended June 30, 2000 were as follows:

Operating revenues	\$ 2,380,996
Operating expenditures	<u>1,857,497</u>
Operating income	523,499
Nonoperating expenses	<u>589,104</u>
Net loss	<u>\$ (65,605)</u>

13. NEW ACCOUNTING STANDARDS

The GASB has issued Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*, Statement No. 34 *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*; and Statement No. 36 *Recipient Reporting for Certain Shared Non-exchange Revenues*.

These statements establish accounting standards for non-exchange transactions such as grants and other assistance provided to AMHA by other governmental units and revise accounting and reporting standards for general purpose external financial reporting by governmental units. GASB Statements No. 33 and 36 are effective for the Authority’s fiscal year ending June 30, 2001 and GASB Statement No. 34 is effective for the fiscal year ending June 30, 2003. The Authority has not completed an analysis of the impact of these three statements on its reported financial condition and results of operations.

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AKRON METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2000

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (Direct Programs)		
Public Housing Annual Contributions:		
New Development	14.850	\$ 798,343
Contract - Owned Housing	14.850	<u>12,202,676</u>
Total 14.850		<u>13,001,019</u>
Public Housing Drug Elimination Program (\$565,000 passed through to subrecipients)	14.854	<u>1,315,693</u>
Public Housing - Comprehensive Grant Program - Modernization Program	14.859	<u>12,876,104</u>
Service Coordinators Grant	14.861	<u>83,293</u>
Shelter Plus Care	14.238	<u>111,366</u>
Demolition and Revitalization of Severely Distressed Public Housing (HOPE VI)	14.866	<u>238,438</u>
Section 8 - Project Based Cluster:		
Lower Income Housing Assistance Program - Section 8 - Annual Contributions Contract	14.182	5,123,822
Non-Aided Housing Program - Lower Income Housing Assistance Program - Section 8	14.182	<u>1,859,582</u>
Total 14.182		6,983,404
Low Income Housing Assistance Program - Moderate Rehabilitation	14.856	<u>799,317</u>
Total Section 8 - Project Based Cluster		<u>7,782,721</u>
Section 8 - Tenant Based Cluster:		
Section 8 Rental Voucher Program	14.855	5,101,842
Section 8 Rental Voucher Program (Rosemary Square)	14.855	<u>983,650</u>
Total 14.855		6,085,492
Section 8 Rental Certificate Program	14.857	<u>9,870,239</u>
Total Section 8 - Tenant Based Cluster		<u>15,955,731</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS (ALL U.S. DEPT. OF HUD)		<u><u>\$ 51,364,365</u></u>

See notes to supplemental schedule of expenditures of federal awards.

AKRON METROPOLITAN HOUSING AUTHORITY

NOTES TO SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2000

- Note 1** *Reporting Entity* - The supplemental schedule of expenditures of federal awards includes the expenditures of all of the funds and departments of the Authority. The Authority administers certain federal financial assistance programs through subrecipients. Those subrecipients are not considered part of AMHA's reporting entity for purposes of the accompanying supplemental schedule of expenditures of federal awards; however, the amount of federal awards passed through to subrecipients is shown in parentheses. The supplemental schedule of expenditures of federal awards also does not include the federal financial assistance received by Rosemary Square, Inc. which is a not-for-profit organization owned by AMHA and was subject to a separate audit under the *Consolidated Audit Guide for Audits of HUD Programs* issued by the U.S. Department of Housing and Urban Development, Office of Inspector General in August 1997.
- Note 2** *Basis of Accounting* - This schedule was prepared in accordance with accounting principles generally accepted in the United States of America.

AKRON METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL COMBINING BALANCE SHEET INFORMATION - NON-AIDED JUNE 30, 2000

ASSETS:	Akron 73	Hilltop House	Akron 14	Wilbeth/ Arlington	Thornton Terrace	Rosemary Square	Administrative Center	Total
CURRENT ASSETS:								
Cash and cash equivalents		\$ 25				\$ 239,627	\$ 11,296,432	\$ 11,536,084
Accounts receivable:								
Tenant (net of allowance for doubtful accounts of \$17,108)	\$ 29,506	2,258	\$ 12,504		\$ 20,271	4,008	14,002	82,549
Interprogram	(458,191)	1,396,092	(232,333)	\$ (7,187,072)	6,808	(2,190,805)	8,719,828	54,327
Other						293,125	39,287	293,125
Accrued interest receivable						39,287	39,287	39,287
Escrow funds		21,004						21,004
Inventory		3,933						3,933
Prepaid and other current assets							12,167	17,127
Total current assets	<u>(428,685)</u>	<u>1,423,312</u>	<u>(219,829)</u>	<u>(7,187,072)</u>	<u>27,079</u>	<u>(1,942,210)</u>	<u>20,374,841</u>	<u>12,047,436</u>
NONCURRENT ASSETS:								
Restricted cash and cash equivalents							1,911,682	1,911,682
Note receivable							500,000	500,000
Escrow funds and other noncurrent assets	8,043	6,162	2,002		4,248	391,329	336,841	748,625
Land, structures and equipment:								
Land, structures and equipment, gross	2,601,282	2,227,380	717,302		1,332,775	2,544,079	23,863,094	33,285,912
Accumulated depreciation	<u>2,601,282</u>	<u>2,227,380</u>	<u>717,302</u>		<u>1,332,775</u>	<u>(297,766)</u>	<u>(3,376,074)</u>	<u>(3,673,840)</u>
Land, structures and equipment, net						2,246,313	20,487,020	29,612,072
Assets subject to a sales contract				15,871,270				15,871,270
Total noncurrent assets	<u>2,609,325</u>	<u>2,233,542</u>	<u>719,304</u>	<u>15,871,270</u>	<u>1,337,023</u>	<u>2,637,642</u>	<u>23,235,543</u>	<u>48,643,649</u>
TOTAL ASSETS	<u>\$ 2,180,640</u>	<u>\$ 3,656,854</u>	<u>\$ 499,475</u>	<u>\$ 8,684,198</u>	<u>\$ 1,364,102</u>	<u>\$ 695,432</u>	<u>\$ 43,610,384</u>	<u>\$ 60,691,085</u>

Continued

AKRON METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL COMBINING BALANCE SHEET INFORMATION - NON-AIDED JUNE 30, 2000

LIABILITIES AND EQUITY	Akron 73	Hilltop House	Akron 14	Wilbeth/ Arlington	Thornton Terrace	Rosemary Square	Administrative Center	Total
CURRENT LIABILITIES:								
Accounts payable:								
Vendors	\$ 24,042	\$ 28,669	\$ 6,310	\$ 58,220	\$ 10,201	\$ 46,101	\$ 178,708	\$ 294,031
Interprogram payables	146,364							204,584
Accrued liabilities			29,544			37,788	71,359	109,147
Deferred revenues	27,201	55,149	18,840				86,385	143,130
Current portion of long-term debt	<u>75,655</u>	<u>83,818</u>	<u>54,694</u>		<u>42,427</u>	<u>42,227</u>	<u>234,288</u>	<u>468,586</u>
Total current liabilities	273,262	83,818	54,694	58,220	52,628	126,116	570,740	1,219,478
NONCURRENT LIABILITIES:								
Compensated absences, net of current portion							49,070	49,070
Long-term debt, net of current portion	992,493	723,489	247,159		556,584	1,156,399	8,147,802	11,823,926
Liabilities subject to a sales contract				<u>11,438,787</u>				<u>11,438,787</u>
Total liabilities	1,265,755	807,307	301,853	11,497,007	609,212	1,282,515	8,767,612	24,531,261
Equity (deficit)	<u>914,885</u>	<u>2,849,547</u>	<u>197,622</u>	<u>(2,812,809)</u>	<u>754,890</u>	<u>(587,083)</u>	<u>34,842,772</u>	<u>36,159,824</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 2,180,640</u>	<u>\$ 3,656,854</u>	<u>\$ 499,475</u>	<u>\$ 8,684,198</u>	<u>\$ 1,364,102</u>	<u>\$ 695,432</u>	<u>\$ 43,610,384</u>	<u>\$ 60,691,085</u>

Concluded

AKRON METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL COMBINING REVENUES AND EXPENSES INFORMATION - NON-AIDED FOR THE YEAR ENDED JUNE 30, 2000

	Akron 73	Hilltop House	Akron 14	Wilbeth/ Arlington	Thornton Terrace	Rosemary Square	Administrative Center	Total
OPERATING REVENUES:								
Dwelling rental	\$ 408,823	\$ 524,508	\$ 92,820	\$ 2,227,590	\$ 263,473	\$ 962,158	\$ 19,252	\$ 4,498,624
Non-dwelling rental	1,087	3,770		(278)				(278)
Excess utilities	7,494	2,793		153,684		11,580	904,916	4,857
Other								1,080,467
Total operating revenues	<u>417,404</u>	<u>531,071</u>	<u>92,820</u>	<u>2,380,996</u>	<u>263,473</u>	<u>973,738</u>	<u>924,168</u>	<u>5,583,670</u>
OPERATING EXPENSES:								
Administrative:								
Salaries	16,552	20,695	3,206	118,660	8,187	108,909	243,008	519,217
Fiscal agent fees	688	2,520	321	250,967	311	68,652	268,323	68,652
Other	<u>17,240</u>	<u>23,215</u>	<u>3,527</u>	<u>369,627</u>	<u>8,498</u>	<u>244,286</u>	<u>511,331</u>	<u>589,855</u>
Tenant service	49,889	79,708	10,943	(6,439)	22,396	94,229	9,936	3,497
Utilities				153,524			71,680	482,369
Ordinary maintenance and operation:								
Maintenance labor	13,499	58,976	225	143,415	10,513	259,564	127,272	613,464
Maintenance materials	28,422	41,869	10,743	46,353	2,379	47,837	26,010	203,613
Maintenance contracts	29,407	26,943	8,141	236,955	21,523	77,405	136,136	536,510
	<u>71,328</u>	<u>127,788</u>	<u>19,109</u>	<u>426,723</u>	<u>34,415</u>	<u>384,806</u>	<u>289,418</u>	<u>1,353,587</u>

(Continued)

AKRON METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL COMBINING REVENUES AND EXPENSES INFORMATION - NON-AIDED FOR THE YEAR ENDED JUNE 30, 2000

	Akron 73	Hilltop House	Akron 14	Wilbeth/ Arlington	Thornton Terrace	Rosemary Square	Administrative Center	Total
OPERATING EXPENSES (Continued):								
General expenses:								
Real estate taxes	\$ 3,875	\$ 4,681	\$ 744	\$ 81,700	\$ 1,937	\$ 2,925	\$ 12,590	\$ 97,215
Insurance				23,377		7,842	5,796	48,252
Terminal leave				2,094			8,712	10,806
Employee benefits	7,132	25,137	1,381	125,675	3,925	29,071	179,943	372,264
Other	<u>11,007</u>	<u>29,818</u>	<u>2,125</u>	<u>(23,187)</u>	<u>5,862</u>	<u>200</u>	<u>18,668</u>	<u>(4,319)</u>
				<u>209,659</u>		<u>40,038</u>	<u>225,709</u>	<u>524,218</u>
Nonroutine maintenance	78,637	180,366	112,186	(3,307)	12,304		1,860	382,046
Protective services		540		49,901			59,343	109,784
Depreciation and amortization				657,809		72,770	394,927	1,125,506
Total operating expenses	<u>228,101</u>	<u>441,435</u>	<u>147,890</u>	<u>1,857,497</u>	<u>83,475</u>	<u>836,129</u>	<u>1,564,204</u>	<u>5,158,731</u>
OPERATING INCOME (LOSS)	189,303	89,636	(55,070)	523,499	179,998	137,609	(640,036)	424,939
OTHER INCOME (EXPENSES):								
Investment income				37,706		15,800	879,582	933,088
Interest expense	(54,808)	(38,125)	(13,354)	(564,689)	(30,702)	(100,626)	(320,261)	(1,122,565)
Gain (loss) from disposition of equipment and real property	(5,577)	(5,137)	(1,421)	(2,225)	(3,652)		6,181	(11,831)
Other				(59,896)				(59,896)
Total other income (expenses) - net	<u>(60,385)</u>	<u>(43,262)</u>	<u>(14,775)</u>	<u>(589,104)</u>	<u>(34,354)</u>	<u>(84,826)</u>	<u>565,502</u>	<u>(261,204)</u>
NET INCOME (LOSS)	<u>\$ 128,918</u>	<u>\$ 46,374</u>	<u>\$ (69,845)</u>	<u>\$ (65,605)</u>	<u>\$ 145,644</u>	<u>\$ 52,783</u>	<u>\$ (74,534)</u>	<u>\$ 163,735</u>

(Concluded)

AKRON METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL SCHEDULE OF ACTUAL MODERNIZATION COSTS INCURRED ON PROJECTS CLOSED DURING THE YEAR ENDED JUNE 30, 2000

The actual costs incurred on projects OH12P007-705 and OH12P007-709 are as follows:

	705	709
Funds approved	\$ 9,258,586	\$ 12,698
Funds expended	<u>9,258,586</u>	<u>12,698</u>
Excess of funds approved	<u>\$ -</u>	<u>\$ -</u>
Funds advanced	\$ 9,258,586	\$ 12,698
Funds expended	<u>9,258,586</u>	<u>12,698</u>
Excess of funds advanced	<u>\$ -</u>	<u>\$ -</u>

All modernization costs have been paid and all related liabilities have been discharged through payment for projects OH12P007-705 and OH12P007-709.

Excess of funds approved and advanced of \$95,079 for project OH12P007-065 and \$222,005 for project OH12P007-066 have been paid and all related liabilities have been discharged as of June 30, 2000.

AKRON METROPOLITAN HOUSING AUTHORITY

FINANCIAL DATA SCHEDULE
YEAR ENDED JUNE 30, 2000

Line Item #	Account Description	NIC/SR Section 8 Programs	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Section 8 Rental Voucher Program	Section 8 Rental Certificate Program	Public Housing Comprehensive Grant Program
111	Cash- Unrestricted	\$ 607,526	\$ -	\$ -	\$ -	\$ 194,192	\$ -
113	Cash -Other Restricted	-	-	-	-	-	672,460
114	Cash-Tenant Security Deposits	-	240,360	-	-	-	-
100	Total Cash	607,526	240,360	-	138,344	194,192	672,460
122	Accounts Receivable - HUD Other Projects	72,010	1,069,053	62,060	-	3,434,005	807,501
124	Accounts Receivable - Other Government	-	-	-	-	-	332
125	Accounts Receivable - Miscellaneous	-	225,786	290	26,267	-	23
126	Accounts Receivable - Tenants - Dwelling Rents	-	224,487	-	-	-	-
126.1	Allowance for Doubtful Accounts - Dwelling Rents	-	(194,937)	-	-	-	-
126.2	Allowance for Doubtful Accounts - Other	-	-	-	-	-	-
128	A/R Fraud	-	466,221	-	-	-	-
129	Accrued Interest Receivable	-	-	-	-	-	-
120	Total Receivables, net of allowances for doubtful accounts	72,010	1,790,610	62,350	26,267	3,434,005	807,856
131	Investments - Unrestricted	2,786,425	6,925,414	-	634,746	890,434	-
142	Prepaid Expenses and Other Assets	-	262,438	-	-	-	151
143	Inventories	-	946,537	-	-	-	-
143.1	Allowance for Obsolete Inventories	-	(200)	-	-	-	-
144	Interprogram Due From	-	436,765	-	-	-	-
150	Total Current Assets	3,465,961	10,601,924	62,350	799,357	4,518,631	1,480,467
161	Land	-	17,147,202	-	-	-	-
162	Buildings	-	164,315,715	-	-	-	-
164	Furniture, Equipment & Machinery - Administration	4,330	5,027,145	145,781	185,730	556,359	-
165	Leasehold Improvements	-	-	-	-	-	-
166	Accumulated Depreciation	(2,371)	(94,753,903)	(83,182)	(117,900)	(325,155)	-
167	Construction in Progress	-	281,123	-	-	-	28,527,127
160	Total Fixed Assets, Net of Accumulated Depreciation	1,959	92,017,282	62,599	67,830	231,204	28,527,127
171	Notes and Mortgages Receivable - Non-Current	-	-	-	-	-	-
174	Other Assets	-	-	-	-	-	-
175	Undistributed Debits	-	415	-	-	-	-
180	Total Non-Current Assets	1,959	92,017,697	62,599	67,830	231,204	28,527,127
190	Total Assets	3,467,920	102,619,621	124,949	867,187	4,749,835	30,007,594

AKRON METROPOLITAN HOUSING AUTHORITY

**FINANCIAL DATA SCHEDULE
YEAR ENDED JUNE 30, 2000**

Line Item #	Account Description	Revitalization of Severely Distressed Housing	Resident Opportunity and Supportive Services	Lower Income Housing Assistance Program		Lower Income Housing Assistance Program		Business Activities	Total
				Section 8 Moderate RehabilitatOH007MR0007	Section 8 Moderate RehabilitatOH007MR0009	Section 8 Moderate RehabilitatOH007MR0007	Section 8 Moderate RehabilitatOH007MR0009		
111	Cash- Unrestricted	8,221	\$ -	8,695	32,381	220,575	\$ -	1,209,934	
113	Cash-Other Restricted	-	-	-	-	-	-	672,460	
114	Cash-Tenant Security Deposits	-	-	-	-	82,191	-	322,551	
100	Total Cash	8,221	-	8,695	32,381	302,766	-	2,204,945	
122	Accounts Receivable - HUD Other Projects	-	-	-	-	-	-	5,444,629	
124	Accounts Receivable - Other Government	-	-	-	-	-	-	332	
125	Accounts Receivable - Miscellaneous	-	-	750	44,294	293,125	-	590,535	
126	Accounts Receivable - Tenants - Dwelling Rents	-	-	-	-	99,657	-	324,144	
126.1	Allowance for Doubtful Accounts - Dwelling Rents	-	-	-	-	(17,108)	-	(212,045)	
126.2	Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	0	
128	A/R Fraud	-	-	-	-	-	-	466,221	
129	Accrued Interest Receivable	-	-	-	-	39,287	-	39,287	
120	Total Receivables, net of allowances for doubtful accounts	-	-	750	44,294	414,961	-	6,653,103	
131	Investments - Unrestricted	-	-	39,881	148,514	13,145,000	-	24,570,414	
142	Prepaid Expenses and Other Assets	-	-	-	-	38,131	-	300,720	
143	Inventories	-	-	-	-	3,933	-	950,470	
143.1	Allowance for Obsolete Inventories	-	-	-	-	-	-	(200)	
144	Interprogram Due From	-	-	-	-	8,762,000	-	9,198,765	
150	Total Current Assets	8,221	-	49,326	225,189	22,666,791	-	43,878,217	
161	Land	-	-	-	-	4,341,949	-	21,489,151	
162	Buildings	-	-	-	-	28,213,010	-	192,528,725	
164	Furniture, Equipment & Machinery - Administration	-	3,347	732	32,664	730,954	-	6,687,042	
165	Leasehold Improvements	-	-	-	-	-	-	0	
166	Accumulated Depreciation	-	(2,603)	(465)	(19,014)	(3,673,840)	-	(98,978,433)	
167	Construction in Progress	-	-	-	-	-	-	28,808,250	
160	Total Fixed Assets, Net of Accumulated Depreciation	-	744	267	13,650	29,612,073	-	150,534,735	
171	Notes and Mortgages Receivable - Non-Current	-	-	-	-	500,000	-	500,000	
174	Other Assets	-	-	-	-	16,619,895	-	16,619,895	
175	Undistributed Debits	-	-	-	-	-	-	415	
180	Total Non-Current Assets	-	744	267	13,650	46,731,968	-	167,655,045	
190	Total Assets	8,221	744	49,593	238,839	69,398,759	-	211,533,262	

AKRON METROPOLITAN HOUSING AUTHORITY

FINANCIAL DATA SCHEDULE

YEAR ENDED JUNE 30, 2000

Line Item #	Account Description	NIC/SR Section 8 Programs	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Section 8 Rental Voucher Program	Section 8 Rental Certificate Program	Public Housing Comprehensive Grant Program
312	Accounts Payable <= 90 Days	\$ -	\$ 1,676,341	\$ 62,060	\$ 2,926	\$ 8,066	\$ 1,453,754
321	Accrued Wage/Payroll Taxes Payable	1,299	483,596	-	10,827	29,843	701
322	Accrued Compensated Absences	2,348	1,209,340	-	19,249	53,055	16,270
325	Accrued interest payable	-	-	-	-	-	-
331	Accounts Payable - HUD PHA Programs	543,328	51,585	290	5,280,325	33,884	-
333	Accounts Payable - Other Government	-	-	-	-	-	-
341	Tenant Security Deposits	-	240,360	-	-	-	-
342	Deferred Revenues	-	874,324	-	-	182,500	-
345	Other Current Liabilities	-	399,583	-	55,303	684,197	-
346	Accrued Liabilities - Other	-	-	-	-	54,899	-
347	Interprogram Due To	7,531	22,866	-	62,837	173,196	9,742
310	Total Current Liabilities	554,506	4,957,995	62,350	5,431,467	1,219,640	1,480,467
351	Long-term Debt, Net of Current - Capital Projects	-	-	-	-	-	-
352	Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-	-	-
353	Noncurrent Liabilities - Other	-	354,150	-	-	-	-
350	Total Noncurrent Liabilities	-	354,150	-	-	-	-
300	Total Liabilities	554,506	5,312,145	62,350	5,431,467	1,219,640	1,480,467
504	Net HUD PHA Contributions	-	92,017,282	-	-	-	30,215,307
508	Total Contributed Capital	-	92,017,282	-	-	-	30,215,307
509	Fund Balance Reserved for Operating Activities	848,195	-	-	-	7,094,845	-
511	Total Reserved Fund Balance	848,195	-	-	-	7,094,845	-
512	Undesignated Fund Balance/Retained Earnings	2,065,219	5,290,194	62,599	(4,564,280)	(3,564,650)	(1,688,180)
513	Total Equity	2,913,414	97,307,476	62,599	(4,564,280)	3,530,195	28,527,127
600	Total Liabilities and Equity	\$ 3,467,920	\$ 102,619,621	\$ 124,949	\$ 867,187	\$ 4,749,835	\$ 30,007,594

AKRON METROPOLITAN HOUSING AUTHORITY

FINANCIAL DATA SCHEDULE
YEAR ENDED JUNE 30, 2000

Line Item #	Account Description	Revitalization of Severely Distressed Housing	Resident Opportunity and Supportive Services	Lower Income Housing Assistance Program, Section 8 Moderate RehabilitatOH007MR0007	Lower Income Housing Assistance Program, Section 8 Moderate RehabilitatOH007MR0009	Business Activities	Total
312	Accounts Payable <= 90 Days	\$ 66,236	\$ -	11	471	\$ 161,452	\$ 3,431,317
321	Accrued Wage/Payroll Taxes Payable	-	-	44	1,737	10,025	538,072
322	Accrued Compensated Absences	-	-	78	3,089	88,376	1,391,805
325	Accrued interest payable	-	-	-	-	354	354
331	Accounts Payable - HUD PHA Programs	-	-	5,797	226,246	-	6,141,455
333	Accounts Payable - Other Government	-	-	-	-	31,307	31,307
341	Tenant Security Deposits	-	-	-	-	82,191	322,551
342	Deferred Revenues	-	-	-	-	-	1,056,824
345	Other Current Liabilities	-	-	750	44,294	76,657	1,260,784
346	Accrued Liabilities - Other	-	-	-	-	1,887	56,786
347	Interprogram Due To	-	-	254	10,083	8,912,256	9,198,765
310	Total Current Liabilities	66,236	-	6,934	285,920	9,364,505	23,430,020
351	Long-term Debt, Net of Current - Capital Projects	-	-	-	-	12,292,512	12,292,512
352	Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-	-	-
353	Noncurrent Liabilities - Other	-	-	-	-	7,594,184	7,948,334
350	Total Noncurrent Liabilities	-	-	-	-	19,886,696	20,240,846
300	Total Liabilities	66,236	-	6,934	285,920	29,251,201	43,670,866
504	Net HUD PHA Contributions	-	744	-	-	-	122,233,333
508	Total Contributed Capital	-	744	-	-	-	122,233,333
509	Fund Balance Reserved for Operating Activities	-	-	13,100	-	-	7,956,140
511	Total Reserved Fund Balance	-	-	13,100	-	-	7,956,140
512	Undesignated Fund Balance/Retained Earnings	(58,015)	-	29,559	(47,081)	40,147,558	37,672,923
513	Total Equity	(58,015)	744	42,659	(47,081)	40,147,558	167,862,396
600	Total Liabilities and Equity	\$ 8,221	\$ 744	\$ 49,593	\$ 238,839	\$ 69,398,759	\$ 211,533,262

AKRON METROPOLITAN HOUSING AUTHORITY

FINANCIAL DATA SCHEDULE
YEAR ENDED JUNE 30, 2000

Line Item #	Account Description	NIC S/R Section 8 Programs	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Section 8 Rental Voucher Program	Section 8 Rental Certificate Program	Public Housing Comprehensive Grant Program
703	Net Tenant Rental Revenue		7,138,612				
704	Tenant Revenue - Other		59,488				
705	Total Tenant Revenue		7,198,100				
706	HUD PHA Grants	5,240,545	10,873,201	1,285,928	9,296,622	5,321,860	14,543,579
711	Investment Income - Unrestricted	44,740	409,440		42,953	128,202	
712	Mortgage Interest Income						
715	Other Revenue		222,753				
716	Gain/Loss on Sale of Fixed Assets		(18,940)				
700	Total Revenue	5,285,285	18,684,554	1,285,928	9,339,575	5,450,062	14,543,579
911	Administrative Salaries	27,026	2,398,969	25,078	221,076	610,775	239,662
912	Auditing Fees	2,566	19,437		2,883	7,949	
913	Outside Management Fees	3,173	31,428		3,277	9,036	
914	Compensated Absences	5,923	(4,980)		6,118	16,867	
915	Employee Benefit Contributions - Administrative	11,205	1,096,932	3,926	119,851	330,903	3,016
916	Other Operating - Administrative	92,034	1,290,085	2,651	96,229	268,347	828,203
921	Tenant Services - Salaries	3,875	135,108		4,003	11,435	
923	Employee Benefit Contributions - Tenant Services	1,607	64,525		2,170	6,195	
924	Tenant Services - Other	1,135	38,348	715,840	1,173	3,233	(12)
931	Water		748,113				4
932	Electricity		1,302,546				61
933	Gas		649,170				3
938	Other Utilities Expense		933,660				2
941	Ordinary Maintenance and Operations - Labor		4,233,939				
942	Ordinary Maintenance and Operations - Materials and Other	524	1,498,171		542	1,493	
943	Ordinary Maintenance and Operations - Contract Costs	4,500	1,813,769		4,648	12,814	(77)
945	Employee Benefit Contributions - Ordinary Maintenance		1,903,500				
951	Protective Services - Labor	2,123	355,314	463,844	2,192	6,044	
952	Protective Services - Other Contract Costs		205,965				641
953	Protective Services - Other	52	4,009		54	148	
955	Employee Benefit Contributions - Protective Services	880	161,314	74,589	1,189	3,275	

AKRON METROPOLITAN HOUSING AUTHORITY

FINANCIAL DATA SCHEDULE
YEAR ENDED JUNE 30, 2000

Line Item #	Account Description	Revitalization of Severely Distressed Housing	Resident Opportunity and Supportive Services	Lower Income Housing Assistance Program_ Section 8 Moderate RehabilitatOH007MR0007	Lower Income Housing Assistance Program_ Section 8 Moderate RehabilitatOH007MR0009	Business Activities	Total
703	Net Tenant Rental Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,637,236
704	Tenant Revenue - Other	-	-	-	-	4,857	64,345
705	Total Tenant Revenue	-	-	-	-	4,503,481	11,701,581
706	HUD PHA Grants	239,438	82,096	13,849	785,523	-	47,682,641
711	Investment Income - Unrestricted	-	-	182	7,430	933,088	1,566,035
712	Mortgage Interest Income	-	-	-	-	-	-
715	Other Revenue	-	-	-	19	1,080,189	1,302,961
716	Gain/Loss on Sale of Fixed Assets	-	-	-	-	(11,831)	(30,771)
700	Total Revenue	239,438	82,096	14,031	792,972	6,504,927	62,222,447
911	Administrative Salaries	-	52,150	867	35,545	519,216	4,130,364
912	Auditing Fees	-	-	11	464	19,023	52,333
913	Outside Management Fees	-	-	13	527	68,652	116,106
914	Compensated Absences	-	-	24	984	-	24,936
915	Employee Benefit Contributions - Administrative	-	8,496	470	19,270	184,940	1,779,009
916	Other Operating - Administrative	-	10,014	373	15,610	570,834	3,174,380
921	Tenant Services - Salaries	-	-	16	644	6,987	162,068
923	Employee Benefit Contributions - Tenant Services	-	-	8	349	2,489	77,343
924	Tenant Services - Other	-	11,436	5	189	(3,490)	767,857
931	Water	-	-	-	-	157,317	905,434
932	Electricity	-	-	-	-	169,156	1,471,763
933	Gas	-	-	-	-	56,154	705,327
938	Other Utilities Expense	-	-	-	-	99,742	1,033,404
941	Ordinary Maintenance and Operations - Labor	-	-	-	-	422,447	4,656,386
942	Ordinary Maintenance and Operations - Materials and Other	-	-	2	87	394,628	1,895,447
943	Ordinary Maintenance and Operations - Contract Costs	239,438	-	18	747	536,512	2,612,369
945	Employee Benefit Contributions - Ordinary Maintenance	-	-	-	-	150,472	2,053,972
951	Protective Services - Labor	-	-	9	353	95,745	925,624
952	Protective Services - Other Contract Costs	-	-	-	-	13,431	220,037
953	Protective Services - Other	-	-	-	9	608	4,880
955	Employee Benefit Contributions - Protective Services	-	-	5	191	34,103	275,546

AKRON METROPOLITAN HOUSING AUTHORITY

FINANCIAL DATA SCHEDULE
YEAR ENDED JUNE 30, 2000

Line Item #	Account Description	N/C S/R Section 8 Programs	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Section 8 Rental Voucher Program	Section 8 Rental Certificate Program	Public Housing Comprehensive Grant Program
961	Insurance Premiums	\$ 5,950	\$ 228,014	\$ -	\$ 6,146	\$ 16,944	\$ -
962	Other General Expenses	-	2,547	-	-	-	-
963	Payments in Lieu of Taxes	-	354,229	-	-	-	-
964	Bad Debt - Tenant Rents	-	212,788	-	-	(359)	-
965	Bad Debt - Mortgages	-	-	-	-	-	-
967	Interest Expense	-	-	-	-	-	-
968	Severance Expense	-	-	-	-	-	-
969	Total Operating Expenses	\$ 162,573	\$ 19,676,900	\$ 1,285,928	\$ 471,551	\$ 1,305,099	\$ 1,071,503
970	Excess Operating Revenue over Operating Expenses	5,122,712	(992,346)	-	8,868,024	4,144,963	13,472,076
971	Extraordinary Maintenance	-	362,313	-	-	-	-
972	Casualty Losses - Non-Capitalized	-	50,316	-	-	-	-
973	Housing Assistance Payments	4,961,157	-	-	4,601,141	8,596,113	-
974	Depreciation Expense	92	7,321,482	21,905	29,150	80,393	-
900	Total Expenses	5,123,822	27,411,011	1,307,833	5,101,842	9,981,605	1,071,503
1010	Total Other Financing Sources (Uses)	-	-	-	-	-	-
1000	Excess (Deficiency) of Operating Revenues Over (Under) Expenses	161,463	(8,726,457)	(21,905)	4,237,733	(4,531,543)	13,472,076

AKRON METROPOLITAN HOUSING AUTHORITY

FINANCIAL DATA SCHEDULE
YEAR ENDED JUNE 30, 2000

Line Item #	Account Description	Revitalization of Severely Distressed Housing	Resident Opportunity and Supportive Services	Lower Income Housing Assistance Program Section 8 Moderate RehabilitatOH07MR0007	Lower Income Housing Assistance Program Section 8 Moderate RehabilitatOH07MR0009	Business Activities	Total
961	Insurance Premiums	\$ -	\$ -	24	\$ 988	\$ 47,996	\$ 306,062
962	Other General Expenses	-	-	-	-	60,295	62,842
963	Payments in Lieu of Taxes	-	-	-	-	103,819	458,048
964	Bad Debt - Tenant Rents	-	-	-	-	18,400	230,829
965	Bad Debt - Mortgages	-	-	-	-	-	-
967	Interest Expense	-	-	-	-	1,104,165	1,104,165
968	Severance Expense	-	-	-	-	-	-
969	Total Operating Expenses	239,438	82,096	1,845	75,957	4,833,640	29,206,530
970	Excess Operating Revenue over Operating Expenses	-	-	12,186	717,015	1,671,287	33,015,917
971	Extraordinary Maintenance	-	-	-	-	372,817	735,130
972	Casualty Losses - Non-Capitalized	-	-	-	-	9,229	59,545
973	Housing Assistance Payments	-	-	12,700	703,504	-	18,874,615
974	Depreciation Expense	-	1,116	115	5,196	1,125,506	8,584,955
900	Total Expenses	239,438	83,212	14,660	784,657	6,341,192	57,460,775
1010	Total Other Financing Sources (Uses)	-	-	-	-	-	-
1000	Excess (Deficiency) of Operating Revenues Over (Under) Expenses	-	(1,116)	(629)	8,315	163,735	4,761,672

AKRON METROPOLITAN HOUSING AUTHORITY

FINANCIAL DATA SCHEDULE
YEAR ENDED JUNE 30, 2000

Line Item #	Account Description	N/C S/R Section 8 Programs	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Section 8 Rental Voucher Program	Section 8 Rental Certificate Program	Public Housing Comprehensive Grant Program
1101	Capital Outlays Enterprise Fund	\$ -	-	62,599	-	-	10,733,048
1102	Debt Principal Payments - Enterprise Funds	-	-	-	-	-	-
1103	Beginning Equity	2,756,746	194,440,903	21,905	532,134	8,438,959	16,655,213
1104	Prior Period Adjustments and Equity Transfers	(4,795)	(88,596,471)	-	(120,725)	(332,913)	-
1112	Depreciation Add Back	92	7,150,931	21,905	29,150	80,393	-
1113	Maximum Annual Contributions Commitment (Per ACC)	5,912,677	-	-	13,565,773	2,709,152	-
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	-	-	-	-	-	-
1115	Contingency Reserve, ACC Program Reserve	3,915,609	-	-	1,790,352	3,637,942	-
1116	Total Annual Contributions Available	9,828,286	-	-	15,356,125	6,347,094	-
1120	Unit Months Available	-	55,520	-	13,846	29,337	-
1121	Number of Unit Months Leased	-	51,268	-	12,072	25,881	-

AKRON METROPOLITAN HOUSING AUTHORITY

FINANCIAL DATA SCHEDULE
YEAR ENDED JUNE 30, 2000

Line Item #	Account Description	Revitalization of Severely Distressed Public Housing	Resident Opportunity and Supportive Services	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation OH007MR0007	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation OH007MR0009	Business Activities	Total
1101	Capital Outlays Enterprise Fund	\$ -	\$ -	\$ -	\$ -	\$ -	10,795,647
1102	Debt Principal Payments - Enterprise Funds	-	-	-	-	389,602	389,602
1103	Beginning Equity	(58,015)	1,860	43,917	121,213	38,952,436	261,907,271
1104	Prior Period Adjustments and Equity Transfers	-	(629)	(19,453)	(3,053,921)	(92,128,907)	(92,128,907)
1112	Depreciation Add Back	-	1,116	115	5,196	557,925	7,846,823
1113	Maximum Annual Contributions Commitment (Per ACC)	-	-	1,044,300	-	-	23,231,902
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	-	-	-	-	-	-
1115	Contingency Reserve, ACC Program Reserve	-	-	240,688	2,481,508	-	12,066,099
1116	Total Annual Contributions Available	-	-	240,688	3,525,808	-	35,298,001
1120	Unit Months Available	-	-	96	2,124	4,836	105,759
1121	Number of Unit Months Leased	-	-	28	1,940	4,597	95,786

AKRON METROPOLITAN HOUSING AUTHORITY

RECONCILIATION OF FINANCIAL STATEMENTS TO FINANCIAL DATA SCHEDULES JUNE 30, 2000

ASSETS	Consolidated Balance Sheet	Reconciling Amount		Financial Data Schedule
CURRENT ASSETS:				
Cash and cash equivalents	\$ 24,181,526	\$ (21,976,581)	1	\$ 2,204,945
Investments - unrestricted		24,570,414	1	24,570,414
Accounts receivable:				
Tenant	740,917	(416,773)	2&3	324,144
Fraud		466,221	3	466,221
HUD	3,059,482	2,385,147	3	5,444,629
Other	347,602	243,265	3	590,867
Interfund		9,198,765	4	9,198,765
Allowance for doubtful accounts - tenant		(212,045)	2	(212,045)
Accrued interest receivable	40,850	(1,563)	3	39,287
Escrow funds	703,155	(703,155)	1	
Inventory	950,270			950,270
Prepaid and other current assets	<u>200,252</u>	<u>100,468</u>	3	<u>300,720</u>
Total current assets	<u>30,224,054</u>	<u>13,654,163</u>		<u>43,878,217</u>
NONCURRENT ASSETS:				
Restricted cash and cash equivalents	1,911,682	(1,911,682)	1	
Land, structures and equipment:				
Land		21,489,151	5	21,489,151
Buildings		192,528,725	5	192,528,725
Land, structures and equipment	150,534,735	(150,534,735)	5	
Furniture, equipment and machinery - administrative		6,687,042	5	6,687,042
Accumulated depreciation		(98,978,433)	5	(98,978,433)
CIP		<u>28,808,250</u>	5	<u>28,808,250</u>
Land, property and equipment, net	150,534,735			150,534,735
Notes receivable	500,000			500,000
Other assets	827,254	15,793,056	6	16,620,310
Assets subject to a sales contract	<u>15,871,270</u>	<u>(15,871,270)</u>	6	
Total noncurrent assets	<u>169,644,941</u>	<u>(1,989,896)</u>		<u>167,655,045</u>
TOTAL ASSETS	<u>\$ 199,868,995</u>	<u>\$ 11,664,267</u>		<u>\$ 211,533,262</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES:				
Accounts payable	\$ 4,994,264	\$ (1,562,947)	9	\$ 3,431,317
Accrued wage/payroll taxes payable		538,072	9	538,072
Accrued Interest payable		354	9	354
Accounts payable:				
HUD	4,372,767	1,768,688	9	6,141,455
Interfund		9,198,765	4	9,198,765
Accrued expenses	1,769,707	(1,712,921)	8&9	56,786
Security deposits		322,551	9	322,551
Deferred revenues	1,774,932	(718,108)	9	1,056,824
Other current liabilities		1,292,091	9	1,292,091
Current portion of long-term debt	<u>468,586</u>	<u>(468,586)</u>	7	
Total current liabilities	<u>13,380,256</u>	<u>8,657,959</u>		<u>22,038,215</u>
NONCURRENT LIABILITIES:				
Accrued compensated absences	910,654	481,151	8	1,391,805
Long-term debt, net of current portion	11,823,926	468,586	7	12,292,512
Other long-term liabilities		7,948,334	9&10	7,948,334
Liabilities subject to sales contract	<u>11,438,787</u>	<u>(11,438,787)</u>	10	
Total noncurrent liabilities	<u>24,173,367</u>	<u>(2,540,716)</u>		<u>21,632,651</u>
Total Liabilities	<u>57,553,623</u>	<u>6,117,243</u>		<u>43,670,866</u>
NET PHA CONTRIBUTIONS				
		122,253,333	11	122,253,333
RESERVED FUND BALANCE				
		7,956,140	11	7,956,140
UNDESIGNATED FUND BALANCE/RETAINED EARNINGS				
		57,672,923	11	57,672,923
EQUITY	<u>162,315,372</u>	<u>(162,315,372)</u>	11	
Total equity	<u>162,315,372</u>	<u>5,547,024</u>		<u>167,862,396</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 199,868,995</u>	<u>\$ 11,664,267</u>		<u>\$ 211,533,262</u>

AKRON METROPOLITAN HOUSING AUTHORITY

RECONCILIATION OF FINANCIAL STATEMENTS TO FINANCIAL DATA SCHEDULES YEAR ENDED JUNE 30, 2000

	Consolidated Statement of Revenues and Expenses	Reconciling Amount		Financial Data Schedule
OPERATING REVENUES:				
Dwelling rental	\$ 11,637,236	\$		\$ 11,637,236
Non-dwelling rental	27,534	(27,534)	13	
Subsidies and grants from HUD	34,076,963	13,605,678	12	47,682,641
Excess utilities	64,344	1	13	64,345
Other	<u>1,272,975</u>	<u>29,986</u>	13	<u>1,302,961</u>
Total operating revenues	<u>47,079,052</u>	<u>13,608,131</u>		<u>60,687,183</u>
OPERATING EXPENSES:				
Administrative	7,396,884	101,235	13	7,498,119
Tenant service	204,665	725,260	13	929,925
Utilities	4,115,928			4,115,928
Ordinary maintenance and operation	9,226,997	(62,795)	13	9,164,202
General expenses	5,196,713	(459,438)	13	4,737,275
Nonroutine maintenance	795,316	(641)	13	794,675
Protective services	1,149,898	276,189	13	1,426,087
Housing assistance payments	18,874,615			18,874,615
Depreciation and amortization	8,584,954	1	13	8,584,955
Drug elimination grants	<u>740,508</u>	<u>(740,508)</u>	13	<u> </u>
Total operating expenses	<u>56,286,478</u>	<u>(160,697)</u>		<u>56,125,781</u>
OPERATING LOSS	<u>(9,207,426)</u>	<u>13,768,828</u>		<u>4,561,402</u>
OTHER INCOME (EXPENSE):				
(Gain) loss from disposition of equipment and real property	(56,942)	26,171	13	(30,771)
Investment income	1,568,487	(2,452)	13	1,566,035
Interest expense	(1,122,565)	(212,429)	13	(1,334,994)
Other	<u>(58,161)</u>	<u>58,161</u>	13	<u> </u>
Total other income	<u>330,819</u>	<u>(130,549)</u>		<u>200,270</u>
NET LOSS	<u>\$ (8,876,607)</u>	<u>\$ 13,638,279</u>		<u>\$ 4,761,672</u>

AKRON METROPOLITAN HOUSING AUTHORITY

NOTES TO THE FINANCIAL DATA SCHEDULE AND THE RECONCILIATION OF THE FINANCIAL STATEMENTS TO THE FINANCIAL DATA SCHEDULE FOR THE YEAR ENDED JUNE 30, 2000

A. BASIS OF PRESENTATION

The Akron Metropolitan Housing Authority (“AMHA” or the “Authority”) is required to submit annual financial information to the U.S. Department of Housing and Urban Development (“HUD”), Real Estate Assessment Center (“REAC”). The financial data is submitted to REAC using the Financial Data Schedule (“FDS”) format, which is prescribed by REAC. The accompanying FDS was prepared in the form prescribed by REAC, which differs from the information in the Authority’s financial statements which are prepared in conformity with accounting principles generally accepted in the United States of America, as applicable to government entities. The accompanying reconciliation was prepared to show the reconciliation of the financial statements to the FDS.

B. RECONCILIATION

The following items identify the amounts needed to reconcile the financial statements prepared in conformity with accounting principles generally accepted in the United States of America, as applicable to governmental entities, to the FDS:

1. The FDS only requires that Cash be broken down into restricted and non-restricted amounts and shown as current assets. The financial statements reflect funds that are restricted and will not be used in the next 12 months as non-current.
2. The financial statements reflect Tenant Accounts Receivable net of allowances, but the FDS has a separate line for the allowance.
3. Classification differences exist between Accounts Receivable Other, Accounts Receivable HUD, Accounts Receivable Tenant, Accounts Receivable Fraud, Accrued Interest Receivable, and Prepaids and Other Current Assets from the financial statements to the FDS.
4. Accounts Receivable Interfund and Accounts Payable Interfund are eliminated on the financial statements, but are recorded on the FDS as both a current asset and current liability.
5. Land, Structures and Equipment is reflected as a net amount on the financial statements but is recorded on separate line items on the FDS.
6. Assets Subject to a Sales Contract on the financial statements are classified as Other Assets on the FDS.
7. Long-Term Debt is separated in the financial statements and combined on the FDS.
8. The current portion of Accrued Compensated Absences is included in Accrued Expenses in the financial statements and is combined with the long-term portion in the FDS.

9. Classification differences exist between the financial statements and the FDS: Accounts Payable, Accrued Wages/Payroll Taxes Payable, Accrued Interest Payable, Accounts Payable HUD, Accrued Expenses, Security Deposits, Deferred Revenue, and Other Current Liabilities.
10. Liabilities Subject to a Sales Contract in the financial statements are classified as Other Long-Term Liabilities in the FDS.
11. Equity is recorded net on the financial statements but recorded as Net HUD PHA Contributions, Undesignated Fund Balance/Retained Earnings and Reserved Fund Balance on the FDS.
12. Represents amount included in contributed capital in the financial statements.
13. Represents classification differences between the financial statements and the FDS.



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

Board of Trustees
Akron Metropolitan Housing Authority
Akron, Ohio

We have audited the combined financial statements of the Akron Metropolitan Housing Authority ("AMHA") as of and for the year ended June 30, 2000 listed in the foregoing table of contents, and have issued our report thereon dated February 2, 2001. We conducted our 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. We did not audit the financial statements of Rosemary Square, Inc. (a not-for-profit organization owned by AMHA), which statements reflect total assets constituting less than one percent of the total assets at June 30, 2000 and total operating revenues constituting two percent of total operating revenues for the year then ended. Those statements were audited by other auditors and we assume that the other auditors have reported to you on Rosemary Square, Inc.'s legal compliance and internal control over financial reporting. Accordingly, this report does not address the legal compliance and internal control over financial reporting of Rosemary Square, Inc.

Compliance

As part of obtaining reasonable assurance about whether AMHA's combined 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 AMHA's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the combined 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 misstatement in amounts that would be material in relation to the combined 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 Trustees, management, the Auditor of the State of Ohio, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

February 2, 2001



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE APPLICABLE TO EACH MAJOR FEDERAL AWARD PROGRAM

Board of Trustees
Akron Metropolitan Housing Authority
Akron, Ohio

Compliance

We have audited the compliance of the Akron Metropolitan Housing Authority ("AMHA") with the types of compliance requirements described in the *U.S. Office of Management and Budget ("OMB") Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2000. AMHA's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of AMHA's management. Our responsibility is to express an opinion on AMHA's compliance based on our audit.

We conducted our 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 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 AMHA'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 AMHA's compliance with those requirements.

Our audit of compliance did not comprehend the operations of Rosemary Square, Inc. (a not-for-profit organization owned by AMHA) which was audited by other auditors and we assume that the other auditors have reported to you on Rosemary Square, Inc.'s legal compliance and internal control. Accordingly, this report does not address the legal compliance and internal control of Rosemary Square, Inc.

In our opinion, AMHA complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2000.

Internal Control Over Compliance

The management of AMHA 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 AMHA'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 Trustees, management, the Auditor of the State of Ohio, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

February 2, 2001

AKRON METROPOLITAN HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2000

Summary of Auditors' Results

- Type of Report Issued on the Consolidated Financial Statements as of and for the Year Ended June 30, 2000 - Unqualified.
- Reportable Conditions in Internal Control Disclosed by the Audit of the Financial Statements - N/A.
- Noncompliance Noted that is Material to the Consolidated Financial Statements of the Authority - None.
- Reportable Conditions in Internal Control Over Major Federal Financial Assistance Programs Disclosed by the Audit of the Consolidated Financial Statements - N/A.
- Type of Report Issued on Compliance for Major Federal Financial Assistance Programs - Unqualified.
- The audit did not disclose any audit findings which are required to be reported under section .510(a) of OMB Circular A-133.
- Major Federal Financial Assistance Programs Identified for the Year Ended June 30, 2000:

U.S. Department of HUD:

- Section 8 – Tenant-Based Cluster:
 - Section 8 Rental Voucher Program (CFDA 14.855)
 - Section 8 Rental Certificate Program (CFDA 14.857)
- Section 8 – Project-Based Cluster:
 - Lower Income Housing Assistance Program – Section 8 (CFDA 14.182)
 - Lower Income Housing Assistance Program – Moderate Rehabilitation (CFDA 14.856)
- Dollar Threshold Used to Distinguish Between Type A and Type B Programs - \$1,540,931
- The Authority is considered to be a Low Risk Auditee as defined under OMB Circular A-133.

Findings Related to the Consolidated Financial Statements that are Required to be Reported Under *Government Auditing Standards*

None

Findings and Questioned Costs Relating to Federal Awards

None

AKRON METROPOLITAN HOUSING AUTHORITY

STATUS OF PRIOR YEAR FINDINGS

No significant findings or questioned costs were included in the prior year reports.



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OFFICE OF THE AUDITOR

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AKRON METROPOLITAN HOUSING AUTHORITY

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 3, 2001**