

PORTAGE METROPOLITAN HOUSING AUTHORITY

AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Commissioners
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, CPA, Inc. for the audit period January 1, 2000 through December 31, 2000. Based upon this review, we have accepted this report 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

August 22, 2001

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PORTAGE METROPOLITAN HOUSING AUTHORITY
 AUDIT REPORT
 FOR THE YEAR ENDED DECEMBER 31, 2000

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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, 2000, 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 of 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 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, 2000, 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 of the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated July 19, 2001 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 as a whole. The schedules listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the financial statements of the 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.

July 19, 2001

James G. Zupka
Certified Public Accountant

PORTAGE METROPOLITAN HOUSING AUTHORITY
 COMBINED BALANCE SHEET
 PROPRIETARY FUND TYPE
 ENTERPRISE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2000

ASSETS

Cash and Cash Equivalents	\$	810,941
Investments		3,142,570
Receivables - Net of Allowance		274,950
Due from Other Funds		71,334
Inventories - Net of Allowance		89,175
Deferred Charges and Other Assets		10,735
Fixed Assets - Net of Accumulated Depreciation		10,923,845
Total Assets	\$	15,323,550

LIABILITIES, RETAINED EARNINGS AND OTHER CREDITS

Accounts Payable	\$	94,340
Due to Other Funds		71,334
Accounts Payable -HUD		103,620
Accrued Wages/Payroll Taxes		12,187
Accrued Compensated Absences		85,159
Tenant Security Deposits		56,679
Current Portion - Long Term Debt		56,983
Deferred Credits and Other Liabilities		126,115
Long Term Debt		559,014
Non-Current Liabilities		1,931,351
Total Liabilities		3,096,782

RETAINED EARNINGS AND OTHER CREDITS

Contributed Capital		10,700,887
Retained Earnings		1,525,881
Total Retained Earnings and Other Credits		12,226,768

TOTAL LIABILITIES, RETAINED EARNINGS AND OTHER CREDITS	\$	15,323,550
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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, 2000

OPERATING REVENUE

Tenant Revenue	\$ 731,268
Program Operating Grants/Subsidies	7,565,635
Other Income	80,381

Total Operating Revenue	8,377,284
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OPERATING EXPENSES

Administrative	1,072,028
Tenant Services	31,446
Utilities	252,872
Maintenance	714,219
General	95,581
Bad Debts	15,901
Housing Assistance Payments	5,952,841
Depreciation	658,704

Total Operating Expenses	8,793,592
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Net Operating Loss	(416,308)
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NON-OPERATING REVENUE

Interest Income	228,074
Interest Expense	(36,678)

Net Loss	(224,912)
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Retained Earnings and Other Credits, Beginning	12,302,185
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Equity Transfers and Prior Period Adjustments	149,495
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Comprehensive Grant Program Contributed Capital	0
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RETAINED EARNINGS AND OTHER CREDITS, ENDING	\$ 12,226,768
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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, 2000

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from HUD	\$ 7,622,599
Cash Received From Tenants	731,854
Cash Payments for Housing Assistance Payments	(5,952,841)
Cash Payments for Administrative	(1,105,725)
Cash Payments for Other Operating Expenses	(965,486)
Cash Payments to HUD and Other Governments	(78,241)

Net Cash Provided by Operating Activities 252,160

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Equity Transfers	149,495
Principal Payments on Debt	(14,925)
Acquisition of Fixed Assets	(198,005)

Net Cash Provided by Capital and Other Related Financing Activities (63,435)

CASH FLOWS FROM INVESTING ACTIVITIES

Investment Income (Net of Interest Expense)	191,396
Purchase of Investments	(886,526)

Net Cash Provided by Investing Activities (695,130)

Net Increase (Decrease) in Cash and Cash Equivalents (506,405)

CASH AND CASH EQUIVALENTS, BEGINNING 1,317,346

CASH AND CASH EQUIVALENTS, ENDING \$ 810,941

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

Net Operating Loss	\$ (416,308)
Adjustments to Reconcile Operating Loss to Net Cash Provided by	
Operating Activities Depreciation	658,704
(Increase) Decrease in:	
Receivables - Net of Allowance	(46,443)
Due From Other Funds	(69,639)
Inventories	(13,317)
Deferred Charges and Other Assets	(2,216)
Increase (Decrease) in:	
Accounts Payable	(130,437)
Due to Other Funds	69,639
Intergovernmental Payable	(78,241)
Accrued Wages/Payroll Taxes and Compensated Absences	(20,946)
Tenants Security Deposits	5,261
Deferred Credits and Other Liabilities	296,103

NET CASH PROVIDED BY OPERATING ACTIVITIES \$ 252,160

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, 2000

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, 2000
(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, 2000
(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 2). Investments are valued at market value. Interest income earned in fiscal year 2000 totaled \$228,074.

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, 2000
(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, 2000.

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, 2000
(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 \$3,953,511. The corresponding bank balances totaled \$4,065,621. The Authority had investments of certificates of deposits that exceeded three months in the amount of \$3,142,570, at December 31, 2000.

The amount of \$400,000 was covered by federal depository insurance in four 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, 2000
(CONTINUED)

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

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

NOTE 4: **RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2000 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	\$ 1,641,721
Buildings	16,482,859
Furniture and Equipment - Dwellings	410,999
Furniture and Equipment - Administrative	574,350
	19,109,929
Accumulated Depreciation	(8,186,084)
NET FIXED ASSETS	\$ 10,923,845

PORTAGE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(CONTINUED)

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

The following is a summary of changes:

	<u>Balance</u> <u>12/31/99</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/00</u>
Land	\$ 1,634,161	\$ 7,560	\$ 0	\$ 1,641,721
Buildings	16,386,952	95,907	0	16,482,859
Furniture and Equipment				
- Dwellings	381,805	40,178	10,984	410,999
Furniture and Equipment				
- Administrative	535,409	41,981	3,040	574,350
TOTAL FIXED ASSETS	<u><u>\$18,938,327</u></u>	<u><u>\$ 185,626</u></u>	<u><u>\$ 14,024</u></u>	<u><u>\$19,109,929</u></u>

The depreciation expense for the year ended December 31, 2000 was \$658,704.

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

All employees participate in the Public Employees Retirement System of Ohio (PERS), a cost sharing multiple employer public employee retirement system administered by the Public Employee Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employee Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 1-800-222-PERS(7377) or (614) 466-2085.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.5 percent. The Retirement Board instituted a temporary employer contribution rate rollback for calendar year 2000. The rate rollback was 20 percent for state and local government divisions. The 2000 employer contribution rate for local government employer units was 10.84 percent of covered payroll, 6.54 percent to fund the pension and 4.3 percent to fund health care. The 1999 and 1998 employer contribution rates were 13.55 percent. The contribution requirements of plan members and the Authority are established and may be amended by the Public Employees Retirement Board. The Authority's required contributions to PERS for the years ended December 31, 2000, 1999, and 1998 were \$96,898, \$68,113 and \$70,172 respectively. The full amount has been contributed for 1999 and 1998; 80 percent has been contributed for 2000 with the remainder being reported as a liability with the Enterprise Fund.

PORTAGE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(CONTINUED)

NOTE 7. **POSTEMPLOYMENT BENEFITS - PUBLIC EMPLOYEES RETIREMENT SYSTEM**

The PERS of Ohio provides postemployment health care benefits to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is also available. The health care coverage provided by the PERS of Ohio is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the PERS of Ohio is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the PERS of Ohio. The portion of the 2000 employer contribution rate (identified above) that was used to fund health care for the year 2000 was 4.3 percent of covered payroll, which amount to \$38,473.

The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the PERS of Ohio's latest actuarial review performed as of December 31, 1999. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 1999 was 7.75 percent. An annual increase of 4.75 percent compounded annually is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.75 percent base increase, were assumed to range from 0.54 percent to 5.1 percent. Health care costs were assumed to increase 4.75 percent annually.

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 401,339. The actuarial value of the PERS of Ohio net assets available for OPEB at December 31, 1999 was \$10,805.5 million. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$12,473.6 million and \$1,668.1 million, respectively.

PORTAGE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(CONTINUED)

NOTE 8: **LONG TERM DEBT**

Long-term debt for Portage Metropolitan Housing Authority's business activities consist of the following:

- Note Payable dated November 1997 in the amount of \$540,000, due in November 2012; Interest rate 6.5% with a monthly payment of principal and interest of \$4,703.98. The note proceeds were used to purchase 27 multi family rental units.	\$465,977
- Bond Payable dated December 1995 in the amount of \$300,000, due in November 2005; Interest rate 5.75% with an annual principal payment of \$30,000 plus interest due November 15 of each year. Proceeds of the bond were used to construct the Portage Metropolitan Housing Authority's administrative offices.	150,000
Total Long Term Debt	615,997
Less Current Portion	56,983
	\$ 559,014

Maturities of the debt over the next five years are as follows:

	<u>Note Payable</u>	<u>Bond Payable</u>	<u>Total</u>
2001	\$ 26,983	\$ 30,000	\$ 56,983
2002	28,661	30,000	58,661
2003	30,580	30,000	60,580
2004	32,628	30,000	62,628
2005	34,814	30,000	64,814
Thereafter	312,331	0	312,331
	\$ 465,997	\$ 150,000	\$ 615,997

PORTAGE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(CONTINUED)

NOTE 9: **MOVE TO WORK PROGRAM**

In early 1999, Portage Metropolitan Housing Authority was designated by HUD as a participant in the Moving to Work Demonstration Program (MTW). The MTW program goal is to enhance the self-sufficiency of housing participants and improve efficiency of administering HUD housing programs. To accomplish this, the MTW housing authorities are permitted for 5 years to: evaluate and modify HUD regulations, redesign programs to meet local housing needs and conditions, and shift funds between different programs. MTW program features were phased in beginning June, 1999, thus, program rules and funding changes affected the second half of the 1999 fiscal year.

One MTW feature affecting the Section 8 program was the phased-in conversion of certificates and vouchers to HOPES Vouchers. The funding cited for the Section 8 activities under the new MTW program is noted as “MTW Section 8 housing assistance”. As a result of MTW participation, HUD provided Portage Metropolitan Housing Authority with a lump sum payment of Section 8 reserve funding for 2 months. Other than this exception, Section 8 funding level did not change as a result of participation in MTW. MTW funding is identified separately in this schedule, as two sets of budgets and year-end statements had to be prepared by Portage Metropolitan Housing Authority in order to document activity for the months of the year covered by MTW changes, as well as for the earlier months prior to MTW implementation. MTW activity was reported under the Business Activities column in the following FDS Schedule.

PORTAGE METROPOLITAN HOUSING AUTHORITY
 COMBINING BALANCE SHEET
 FDS SCHEDULE SUBMITTED TO HUD
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 DECEMBER 31, 2000

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	\$ 28,763	\$ 0	\$ 98,877	\$ 0	\$ 36,091
112	Cash - Restricted Modernization & Development	0	0	0	0	0
113	Cash - Other Restrictions	0	2,791	0	0	0
114	Cash - Tenant Security Deposit	13,585	0	0	0	0
100	Total Cash	<u>42,348</u>	<u>2,791</u>	<u>98,877</u>	<u>0</u>	<u>36,091</u>
121	A/R - PHA Projects	100	0	0	0	0
122	A/R - HUD Other Projects	0	51,897	83,699	0	17,820
124	A/R - Other Government	0	0	0	0	0
125	A/R - Miscellaneous	0	0	194	0	0
126	A/R Tenants - Dwelling	18,325	0	0	0	0
126.1	Allowance for Doubtful Accounts	(16,469)	0	0	0	0
129	Accrued Interest Receivable	0	0	0	0	0
120	Total Receivables, Net of Allowances for Doubtful Acct.	<u>1,956</u>	<u>51,897</u>	<u>83,893</u>	<u>0</u>	<u>17,820</u>
131	Investments - Unrestricted	666,729	3,979	140,968	0	126,603
132	Investments - Restricted	114,906	0	0	0	0
142	Prepaid Expenses & Other Assets	8,626	7	243	0	89
143	Inventories	89,175	0	0	0	0
143.1	Allowance for Obsolete Inventory	0	0	0	0	0
144	Interprogram Due From	4,091	305	10,794	0	3,940
150	Total Current Assets	<u>927,831</u>	<u>58,979</u>	<u>334,775</u>	<u>0</u>	<u>184,543</u>
161	Land	1,521,821	0	0	0	0
162	Buildings	15,302,038	0	0	0	0
163	Furniture & Equipment - Dwellings	409,580	0	0	0	0
164	Furniture & Equipment - Administrative	479,557	415	14,704	0	0
165	Leasehold Improvements	0	0	0	0	0
166	Accumulated Depreciation	(7,852,333)	(312)	(11,047)	0	0
160	Total Fixed Assets Net	<u>9,860,663</u>	<u>103</u>	<u>3,657</u>	<u>0</u>	<u>0</u>
180	Total Non-Current Assets	<u>9,860,663</u>	<u>103</u>	<u>3,657</u>	<u>0</u>	<u>0</u>
190	TOTAL ASSETS	<u><u>\$ 10,788,494</u></u>	<u><u>\$ 59,082</u></u>	<u><u>\$ 338,432</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 184,543</u></u>

PORTAGE METROPOLITAN HOUSING AUTHORITY
 COMBINING BALANCE SHEET
 FDS SCHEDULE SUBMITTED TO HUD
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 DECEMBER 31, 2000
 (CONTINUED)

Drug Elimination	14.852 Comp Program	State/Local	Economic Development	Tenant Opportunities Programs	Business Activities	Total
\$ 0	\$ 0	\$ 8,983	\$ 0	\$ 0	\$ 547,702	\$ 720,416
0	0	0	0	0	0	0
0	0	0	0	0	70,684	73,475
0	0	0	0	0	3,465	17,050
<u>0</u>	<u>0</u>	<u>8,983</u>	<u>0</u>	<u>0</u>	<u>621,851</u>	<u>810,941</u>
0	0	0	0	0	76,203	76,303
0	0	0	0	0	0	153,416
0	0	1,596	0	0	0	1,596
0	0	0	0	0	0	194
0	0	0	0	0	4,046	22,371
0	0	0	0	0	(2,961)	(19,430)
0	0	0	0	0	40,500	40,500
<u>0</u>	<u>0</u>	<u>1,596</u>	<u>0</u>	<u>0</u>	<u>117,788</u>	<u>274,950</u>
0	0	302,975	0	0	1,673,898	2,915,152
0	0	0	0	0	112,512	227,418
0	0	0	0	0	1,770	10,735
0	0	0	0	0	0	89,175
0	0	0	0	0	0	0
0	0	601	0	0	51,603	71,334
<u>0</u>	<u>0</u>	<u>314,155</u>	<u>0</u>	<u>0</u>	<u>2,579,422</u>	<u>4,399,705</u>
0	0	100,713	0	0	19,187	1,641,721
0	0	201,707	0	0	979,114	16,482,859
0	0	0	0	0	1,419	410,999
0	0	4,908	0	0	74,766	574,350
0	0	0	0	0	0	0
0	0	(53,792)	0	0	(268,600)	(8,186,084)
<u>0</u>	<u>0</u>	<u>253,536</u>	<u>0</u>	<u>0</u>	<u>805,886</u>	<u>10,923,845</u>
<u>0</u>	<u>0</u>	<u>253,536</u>	<u>0</u>	<u>0</u>	<u>805,886</u>	<u>10,923,845</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 567,691</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,385,308</u>	<u>\$ 15,323,550</u>

PORTAGE METROPOLITAN HOUSING AUTHORITY
 COMBINING BALANCE SHEET
 FDS SCHEDULE SUBMITTED TO HUD
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 DECEMBER 31, 2000

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						
312	Accounts Payable, <= 90 Days	\$ 72,803	\$ 35	\$ 1,257	4 0	\$ 459
313	Accounts Payable, >= 90 Days - Past Due	0	0	0	0	0
321	Accrued Wages/Payroll Taxes	2,777	40	1,425	0	520
322	Accrued Compensated Absence	37,970	205	7,252	0	2,647
325	Accrued Interest Payable	0	0	0	0	0
331	Accounts Payable - HUD PHA Prog.	0	0	6,750	0	96,870
333	Accounts Payable - Other Governments	35,667	0	0	0	0
341	Tenant Security Deposits	53,133	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	238	8,436	0	3,079
347	Interprogram Due To	50,765	0	0	0	0
310	Total Current Liabilities	<u>253,312</u>	<u>518</u>	<u>25,120</u>	<u>0</u>	<u>103,575</u>
351	Long-Term Debt, Net of Current Capital Projects	0	0	0	0	0
353	Non-Current Liabilities - Other	0	0	85,926	0	0
350	Total Non-Current Liabilities	<u>0</u>	<u>0</u>	<u>85,926</u>	<u>0</u>	<u>0</u>
300	TOTAL LIABILITIES	<u>253,312</u>	<u>518</u>	<u>111,046</u>	<u>0</u>	<u>103,575</u>
502	Project Notes (HUD)	0	0	0	0	0
504	Net HUD PHA Contributions	10,357,378	55,912	133,444	0	30,710
507	Other Contributions	430	8	290	0	0
508	Total Contributed Capital	<u>10,357,808</u>	<u>55,920</u>	<u>133,734</u>	<u>0</u>	<u>30,710</u>
512	Retained Earnings	177,374	2,644	93,652	0	50,258
513	Total Equity	<u>10,535,182</u>	<u>58,564</u>	<u>227,386</u>	<u>0</u>	<u>80,968</u>
600	TOTAL LIABILITIES AND EQUITY	<u>\$ 10,788,494</u>	<u>\$ 59,082</u>	<u>\$ 338,432</u>	<u>\$ 0</u>	<u>\$ 184,543</u>

PORTAGE METROPOLITAN HOUSING AUTHORITY
 COMBINING BALANCE SHEET
 FDS SCHEDULE SUBMITTED TO HUD
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 DECEMBER 31, 2000
 (CONTINUED)

Drug Elimination	14.852 Comp Program	State/Local	Economic Development	Tenant Opportunities Programs	Business Activities	Total
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,105	\$ 82,659
0	0	0	0	0	11,681	11,681
0	0	0	0	0	7,425	12,187
0	0	312	0	0	36,773	85,159
0	0	0	0	0	38,090	38,090
0	0	0	0	0	0	103,620
0	0	0	0	0	0	35,667
0	0	0	0	0	3,546	56,679
0	0	0	0	0	0	197
0	0	0	0	0	56,983	56,983
0	0	0	0	0	0	0
0	0	79	0	0	40,329	52,161
0	0	8,504	0	0	12,065	71,334
<u>0</u>	<u>0</u>	<u>8,895</u>	<u>0</u>	<u>0</u>	<u>214,997</u>	<u>606,417</u>
0	0	0	0	0	559,014	559,014
0	0	0	0	0	1,845,425	1,931,351
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,404,439</u>	<u>2,490,365</u>
0	0	8,895	0	0	2,619,436	3,096,782
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	0	0	122,715	10,700,159
0	0	0	0	0	0	728
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>122,715</u>	<u>10,700,887</u>
0	0	558,796	0	0	643,157	1,525,881
<u>0</u>	<u>0</u>	<u>558,796</u>	<u>0</u>	<u>0</u>	<u>765,872</u>	<u>12,226,768</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 567,691</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,385,308</u>	<u>\$ 15,323,550</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, 2000

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	\$ 574,557	\$ 0	\$ 0	\$ 0	\$ 0
704	Tenant Revenue - Other	11,853	0	0	0	0
705	Total Tenant Revenue	<u>586,410</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
706	HUD PHA Grants	540,545	26,058	1,057,805	0	449,363
711	Investment Income - Unrestricted	41,704	383	13,563	0	4,124
714	Fraud Recovery	0	0	0	0	0
715	Other Revenue	21,582	0	0	0	0
716	Gain/Loss on Sale of Fixed Assets	0	0	0	0	0
720	Investment Income Restricted	7,122	0	0	0	0
700	Total Revenue	<u>1,197,363</u>	<u>26,441</u>	<u>1,071,368</u>	<u>0</u>	<u>453,487</u>
	EXPENSES					
911	Administrative Salaries	227,924	1,741	61,687	0	2,229
912	Auditing Fees	1,795	22	779	0	500
913	Outside Management Fees	0	0	0	0	0
914	Compensated Absences	5,435	46	1,636	0	4
915	Employee Benefit Contributions - Administrative	67,358	560	19,819	0	609
916	Other Operating - Administrative	33,995	391	13,843	0	0
924	Tenant Services - Other	630	0	0	0	0
931	Water	131,764	0	0	0	0
932	Electricity	73,714	0	0	0	0
933	Gas	21,174	0	0	0	0
938	Other Utilities Expense	0	0	0	0	0
941	Ordinary Maintenance & Operations-Labor	131,959	0	0	0	0
942	Ordinary Maintenance & Operations-Materials	103,974	145	5,118	0	0
943	Ordinary Maintenance & Operations- Contract Cost	103,960	0	0	0	0
945	Employee Benefit Contributions - Ordinary Maintenance	37,871	0	0	0	0
953	Protective Services - Other	0	0	688	0	0
961	Insurance Premiums	32,380	19	0	0	14
962	Other General Expenses	0	0	0	0	0
963	PILOT	35,976	0	0	0	0
964	Bad Debts - Tenant Rents	15,738	0	0	0	0
967	Interest Expense	0	0	0	0	0
	Total Operating Expenses	<u>1,025,647</u>	<u>2,924</u>	<u>103,570</u>	<u>0</u>	<u>3,356</u>
970	Excess Operating Revenues Over Expenses	171,716	23,517	967,798	0	450,131
	OTHER EXPENSES					
971	Extraordinary Maintenance	29,603	0	0	0	0
973	Housing Assistance Payments	0	22,893	953,337	0	425,139
974	Depreciation Expense	596,804	55	1,953	0	0
900	Total Expenses	<u>1,652,054</u>	<u>25,872</u>	<u>1,058,860</u>	<u>0</u>	<u>428,495</u>
1000	Excess of Revenue Over Expenses	(454,691)	569	12,508	0	24,992
1101	Capital Contributions	0	0	0	0	0
1103	Beginning Equity	10,947,012	95,221	111,145	201,767	155,018
1104	Prior Period Adjustment & Equity Trans.	42,861	(37,226)	103,733	(201,767)	(99,042)
	ENDING EQUITY	<u>\$ 10,535,182</u>	<u>\$ 58,564</u>	<u>\$ 227,386</u>	<u>\$ 0</u>	<u>\$ 80,968</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, 2000
 (CONTINUED)

Drug Elimination	14.852 Comp Program	State/Local	Economic Development	Tenant Opportunities Programs	Business Activities	Total
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 142,597	\$ 717,154
0	0	0	0	0	2,261	14,114
0	0	0	0	0	144,858	731,268
26,502	370,933	0	10,301	9,399	5,074,729	7,565,635
0	0	14,825	0	0	146,353	220,952
0	0	0	0	0	0	0
0	0	8,734	0	0	50,065	80,381
0	0	0	0	0	0	0
0	0	0	0	0	0	7,122
26,502	370,933	23,559	10,301	9,399	5,416,005	8,605,358
4,618	71,852	10,732	5,529	0	306,742	693,054
0	1,500	0	0	0	3,814	8,410
0	0	0	0	0	0	0
0	0	273	0	0	7,822	15,216
1,419	31,997	6,412	3,905	0	98,657	230,736
0	4,951	1,807	666	0	68,959	124,612
9,126	12,291	0	0	9,399	0	31,446
0	0	0	0	0	8,491	140,255
0	0	0	0	0	4,156	77,870
0	0	0	0	0	9,316	30,490
0	0	0	0	0	4,257	4,257
0	0	0	0	0	7,157	139,116
0	0	0	0	0	30,671	139,908
212	240,208	0	0	0	20,978	365,358
0	0	0	0	0	2,363	40,234
11,097	7,759	0	0	0	0	19,544
30	375	164	201	0	6,878	40,061
0	0	0	0	0	0	0
0	0	0	0	0	0	35,976
0	0	0	0	0	163	15,901
0	0	0	0	0	36,678	36,678
26,502	370,933	19,388	10,301	9,399	617,102	2,189,122
0	0	4,171	0	0	4,798,903	6,416,236
0	0	0	0	0	0	29,603
0	0	0	0	0	4,551,472	5,952,841
0	0	8,671	0	0	51,221	658,704
26,502	370,933	28,059	10,301	9,399	5,219,795	8,830,270
0	0	(4,500)	0	0	196,210	(224,912)
0	0	0	0	0	0	0
0	0	563,295	0	0	228,727	12,302,185
0	0	1	0	0	340,935	149,495
\$ 0	\$ 0	\$ 558,796	\$ 0	\$ 0	\$ 765,872	\$ 12,226,768

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, 2000

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.
1101	Capital Outlays Enterprise Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
1103	Beginning Equity	10,947,012	95,221	111,145	201,767	155,018
1104	Prior Period Adjustment and Equity Transfers	42,861	(37,226)	103,733	(201,767)	(99,042)
1112	Depreciation Add Back	596,804	55	1,953	0	0
1113	Maximum Annual Contributions	0	32,532	1,266,882	0	590,136
1115	Contingency Reserve	0	0	7,261,733	0	1,889,534
1116	Total Annual Contributions Available	0	32,532	8,528,615	0	2,479,670
1120	Unit Months Available	3,600	77	2,515	0	960
1121	Number of Unit Months Leased	3,506	71	2,515	0	918

PORTAGE METROPOLITAN HOUSING AUTHORITY
 ADDITIONAL FDS SCHEDULE INFORMATION
 FDS SCHEDULE SUBMITTED TO HUD
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2000
 (CONTINUED)

<u>Drug Elimination</u>	<u>14.852 Comp. Program</u>	<u>State/ Local</u>	<u>Economic Develop.</u>	<u>Tenant Opportunities Programs</u>	<u>Business Activities</u>	<u>Total</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	563,295	0	0	228,727	12,302,185
0	0	1	0	0	340,935	149,495
0	0	8,671	0	0	51,221	658,704
0	0	0	0	0	0	1,889,550
0	0	0	0	0	0	9,151,267
0	0	0	0	0	0	11,040,817
0	0	0	0	0	12,333	19,479
0	0	0	0	0	12,333	19,343

PORTAGE METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2000

<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	\$ 540,545
		<hr/>
Total Public and Indian Housing Program	14.850	540,545
		<hr/>
Comprehensive Grants:	14.859	
706		19,757
707		351,176
		<hr/>
Total Comprehensive Grants	14.859	370,933
		<hr/>
Section 8 Cluster Programs:		
Housing Assistance Payments:		
Annual Contribution - Mod. Rehab.	14.856	1,057,805
- Vouchers	14.855	26,058
- New Construction	14.182	449,363
- Move-to-Work		5,074,729
		<hr/>
Total Section 8 Cluster Programs		6,607,955
		<hr/>
Economic Development & Supportive Services Program	14.864	10,301
		<hr/>
Public Indian Housing Drug Elimination Program	14.854	26,502
		<hr/>
Total U.S. Department of HUD		7,556,236
		<hr/>
TOTAL ALL PROGRAMS		<u><u>\$7,556,236</u></u>

PORTAGE METROPOLITAN HOUSING AUTHORITY
RAVENNA, OHIO
STATEMENT OF MODERNIZATION/DEVELOPMENT COST-COMPLETED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2000

Annual Contribution Contract C-5501

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

	CGP Project <u>OH12PO31705-97</u>
Funds Approved	\$ 449,829
Funds Expended	449,829
Excess (Deficiency) Funds Approved	<u>\$ 0</u>
Funds Advanced	\$ 449,829
Funds Expended	449,829
Excess (Deficiency) of Funds Advanced	<u>\$ 0</u>

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.

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

Board of Directors
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, 2000, and have issued our report thereon dated July 19, 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.

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.

However, we noted a matter involving the internal control over financial reporting that did not require inclusion in this report that we have reported to the management of the Authority in a separate letter dated July 19, 2001.

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.

July 19, 2001

James G. Zupka
Certified Public Accountant

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

Board of Directors
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, 2000. 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 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; 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, 2000. The results of our auditing procedures disclosed no instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133.

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.

July 19, 2001

James G. Zupka
Certified Public Accountant

PORTAGE METROPOLITAN HOUSING AUTHORITY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 OMB CIRCULAR A-133 & .505
 DECEMBER 31, 2000

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

2000(i)	Type of Financial Statement Opinion	Unqualified
2000(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
2000(ii)	Were there any other reportable control weakness conditions reported at the financial statements level (GAGAS)?	No
2000(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2000(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
2000(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
2000(v)	Type of Major Programs' Compliance Opinion	Unqualified
2000(vi)	Are there any reportable findings under .510?	No
2000(vii)	Major Programs (list):	Section 8 Cluster CFDA #14.182, 14.855, 14.856 and Move to Work
2000(viii)	Dollar Threshold: Type A\B Programs	Type A;>\$300,000 Type B:> all others
2000(ix)	Low Risk Auditee?	No

PORTAGE METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 & .505
(CONTINUED)
DECEMBER 31, 2000

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

None.

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

None.

PORTAGE METROPOLITAN HOUSING AUTHORITY
PRIOR YEAR AUDIT FINDING
CORRECTIVE ACTION PLAN
DECEMBER 31, 2000

<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. Refund checks were issued to all tenants. Some have not been located as of the date of this report.	Christie Anderson, Executive Director



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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
AUGUST 30, 2001**