

AKRON METROPOLITAN HOUSING AUTHORITY

AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2002



**Auditor of State
Betty Montgomery**

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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 James G. Zupka, CPA, Inc., for the audit period July 1, 2001 through June 30, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

January 23, 2003

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AKRON METROPOLITAN HOUSING AUTHORITY
AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2002

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Akron Metropolitan Housing Authority
Akron, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited the accompanying consolidated financial statements of the Akron Metropolitan Housing Authority (AMHA) as of June 30, 2002 and for the year then ended, listed in the foregoing table of contents. These consolidated financial statements are the responsibility of the management of the Akron Metropolitan Housing Authority (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 two percent of the total assets at June 30, 2002 and total operating revenues constituting less than 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 related 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 the Akron Metropolitan Housing Authority as of June 30, 2002, 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 the Akron Metropolitan Housing Authority 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 Not-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 FDS Schedules (pages 24 through 39) and the supplemental schedule of actual modernization costs (page 23) incurred on projects closed during the year ended June 30, 2002 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 basis 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 November 21, 2002 on our consideration of the Akron Metropolitan Housing Authority'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.

November 21, 2002

James G. Zupka
Certified Public Accountant

AKRON METROPOLITAN HOUSING AUTHORITY
BALANCE SHEET
PROPRIETARY FUND TYPE
JUNE 30, 2002

ASSETS

CURRENT ASSETS:

Cash and Cash Equivalents (Note 3)	\$ 2,252,757
Cash with Fiscal Agent	1,030,780
Investments	21,187,221
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$23,599	3,896,991
Due from Other Funds	900,404
Inventory - Net of Allowance for Obsolete Inventory of \$54,498	621,832
Deferred Charges and Other Assets	1,515,598

Total Current Assets 31,405,583

NONCURRENT ASSETS:

Notes and Mortgage Receivable	1,493,779
Land, Structure and Equipment, Net of Accumulated Depreciation of \$120,419,012	169,092,255

Total Noncurrent Assets 170,586,034

TOTAL ASSETS \$ 201,991,617

LIABILITIES AND EQUITY

CURRENT LIABILITIES:

Accounts Payable	\$ 2,713,939
Due to Other Funds	900,404
Intergovernmental Payables	3,296,650
Accrued Interest	43,112
Accrued Wages/Payroll	695,327
Accrued Compensated Liabilities - Current Portion	636,273
Security Deposits	357,943
Deferred Credits and Other Liabilities	2,500,810
Current Portion of Long-Term Debt	1,031,616

Total Current Liabilities 12,176,074

NON-CURRENT LIABILITIES:

Compensated Absences, Net of Current Portion	803,030
Long-Term Debt, Net of Current Portion (Note 5)	18,384,925
Other Non Current Liabilities	338,120

Total Non-Current Liabilities 19,526,075

TOTAL LIABILITIES 31,702,149

EQUITY

Contributed Capital	106,033,083
Unreserved Fund	64,256,385

TOTAL EQUITY 170,289,468

TOTAL LIABILITIES AND EQUITY \$ 201,991,617

See notes to consolidated financial statements.

AKRON METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN EQUITY
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED JUNE 30, 2002

OPERATING REVENUE

Net Tenant Rental	\$ 10,654,281
Tenant Revenue Other	95,568
Subsidies and Grants from HUD	52,626,849
Investment Income	689,598
Other	1,984,918
Total Operating Revenue	66,051,214

OPERATING EXPENSES

Administrative	11,252,564
Tenant Services	1,211,541
Utilities	4,329,253
Ordinary Maintenance and Operation	10,701,675
General Expenses	1,202,566
Non-Routine Maintenance	142,147
Protective Services	2,271,739
Housing Assistance Payments	24,827,153
Depreciation and Amortization	8,753,619
Interest Expense	870,852
Casualty Loss	115,890
Total Operating Expenses	65,678,999

Net Operating Income (Loss) 372,215

OTHER INCOME (EXPENSE)

Loss from Disposition of Equipment and Real Property	(5,158)
Total Other Income - Net	(5,158)

EXCESS OF REVENUE OVER EXPENSES 367,057

BEGINNING EQUITY 170,252,053

PRIOR PERIOD ADJUSTMENTS (329,642)

ENDING EQUITY **\$ 170,289,468**

See notes to the consolidated financial statements.

AKRON METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2002

CASH FLOWS FROM OPERATING ACTIVITIES

Operating Income	\$ 372,215
Adjustments to Reconcile Operating Loss to Net Cash	
Provided by Operating Activities:	
Depreciation and Amortization	8,753,619
Increase (Decrease) in Operating Assets and Liabilities:	
Accounts Receivable - HUD	905,722
Accounts Receivable - Tenant and Other	58,800
Accrued Interest	(85,638)
Inventory	162,915
Deferred Charges and Other Assets	(29,824)
Accounts Payable - HUD	897,113
Accounts Payable - Other	(1,626,307)
Accrued Payroll and compensated Absences	(690,978)
Deferred Revenues	734,862
	326,665
Total Adjustments	

Net Cash (Used) by Operating Activities 9,452,499

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds from Notes	(1,130,167)
Acquisition and Construction of Capital Assets	(8,448,849)
Proceeds From Sale of Equipment	11,195
Contribution From Partners	181,703

Net Cash Provided by Capital and Other Related Financing Activities (9,386,118)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Notes	(152,284)
-------------------	-----------

Net Cash Provided by Investing Activities (152,284)

Change in Cash and Cash Equivalents (85,903)

Cash and Cash Equivalents, Beginning of Year 24,556,661

Cash and Cash Equivalents, End of Year (Note 3) \$ 24,470,758

See notes to the consolidated financial statements.

AKRON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002

NOTE 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.

AKRON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002
(CONTINUED)

NOTE 1: **DEFINITION OF THE ENTITY** (Continued)

A. **Annual Contributions Contracts** (Continued)

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 received drug grant funds from HUD for the purpose of eliminating illegal 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.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Akron Metropolitan Housing Authority 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).

AKRON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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:

1. ***Restricted and Unrestricted Cash Equivalents*** - include investments with original maturities of three months or less. Cash equivalents are carried at fair value.
2. ***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. All items in excess of \$500 are capitalized by the Authority.
3. ***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, 2002, the liability for unused sick leave as \$987,481.

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, 2002, the liability for unused vacation was \$685,814.

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

4. ***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.
5. ***Elimination Entry*** - An elimination entry has been made in the amount of \$818,869 in preparing the entity wide balance sheet. This amount was eliminated from Notes Receivable and Long-Term Debt because it represents amounts due to and from programs within the Authority.

AKRON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

6. ***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.

7. ***Indirect Costs*** - Certain indirect costs are allocated to the various programs under a HUD approved indirect cost allocation plan.
8. ***Inventory*** - is valued using an average costing method. Expense is recorded based upon consumption.
9. ***Budgetary Accounting*** - The Authority annually prepares its budget as prescribed by the Department of Housing and Urban Development. This budget is adopted by the Board at the Housing Authority and then submitted to the Department of Housing and Urban Development.
10. ***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.

NOTE 3: **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 Treasury's investment pool

AKRON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002
(CONTINUED)

NOTE 3: **DEPOSITS AND INVESTMENTS** (Continued)

(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 percent 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).

AKRON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002
(CONTINUED)

NOTE 3: **DEPOSITS AND INVESTMENTS** (Continued)

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 the Akron Metropolitan Housing Authority's deposits was \$2,249,917 and the bank balance was \$1,884,151 the difference representing outstanding checks and other in-transit items. \$300,000 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 - Akron Metropolitan Housing Authority'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.

<u>Category</u>		<u>Cost</u>	<u>Fair Value</u>
3	Repurchase Agreement	\$ 21,187,221	\$ 21,187,221
Totals		<u>\$ 21,187,221</u>	<u>\$ 21,187,221</u>

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

Cash and Cash Equivalents	\$ 2,252,757
Cash with Fiscal Agent	1,030,780
Investments	21,187,221
Totals	<u>\$ 24,470,758</u>

Cash with Fiscal Agent	\$ 1,030,780
Petty Cash	2,840
Carrying Amount of Deposits	2,249,917
Carrying Amount of Investments	21,187,221
Totals	<u>\$ 24,470,758</u>

AKRON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002
(CONTINUED)

NOTE 4: **LAND, STRUCTURE AND EQUIPMENT**

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

<u>Program</u>	<u>Land</u>	<u>Structures</u>	<u>Equipment</u>	<u>Construction In Progress</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
ACC C-959	\$ 17,182,282	\$ 179,980,822	\$ 5,663,294	\$ 32,118,596	\$(108,968,508)	\$ 125,976,486
ACC C-10003	0	0	736,037	0	(365,726)	370,311
Non-Aided	8,351,324	43,306,442	2,172,470	0	(11,084,778)	42,745,458
Totals	<u>\$ 25,533,606</u>	<u>\$ 223,287,264</u>	<u>\$ 8,571,801</u>	<u>\$ 32,118,596</u>	<u>\$(120,419,012)</u>	<u>\$ 169,092,255</u>

NOTE 5: **LONG TERM DEBT**

Notes and mortgages payable at June 30, 2002 consist of Six separate notes as follows:

	<u>Interest Rate</u>	<u>Monthly Payment Including Interest</u>	<u>Maturity Date (Fiscal Year)</u>	<u>Amount</u>
Non-Aided Mortgages Rosemary Square, Inc.	4.99%	\$ 28,372	2011	\$2,298,605
Mortgage	7.00%	28,578*	2015	2,929,890
Central Office Mortgage	Variable	**	2018	6,370,000
Midtown Note	5.81%	14,172	2005	1,529,083
Wilbeth - First Mortgage	10.08%	77,059	2010	5,132,341
Wilbeth - Bridge Loan	2.00%	14,893	2009	1,156,622
Total				<u>\$19,416,541</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, 2002, the interest rate in effect was 1.32%. This interest rate was utilized in the calculation of future debt service requirements.

AKRON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002
(CONTINUED)

NOTE 5: **LONG TERM DEBT** (Continued)

As of June 1, 1996, the Akron Metropolitan Housing Authority purchased Rosemary Square. As part of this purchase, AMHA assumed Rosemary Square's HUD insured mortgage which had a stated interest rate of 7 percent. 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 percent. 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 percent 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.

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 percent.

AKRON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002
(CONTINUED)

NOTE 5: **LONG TERM DEBT** (Continued)

The following is a summary of AMHA's future debt service requirements for mortgages payable as of June 30, 2002:

<u>Fiscal Year</u>	<u>Principal</u>
2003	\$1,219,658
2004	1,299,932
2005	1,391,672
2006	1,490,486
2007	1,597,034
2008-2012	6,922,962
2013-2017	2,961,811
2018-2022	2,532,986
Total	<u>\$19,416,541</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 Note Receivable on the accompanying consolidated balance sheet.

NOTE 6: **RETIREMENT BENEFITS**

A. **Public Employees Retirement System of Ohio**

Plan Description - Employees of the Akron Metropolitan Housing Authority 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.

AKRON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002
(CONTINUED)

NOTE 6: **RETIREMENT BENEFITS** (Continued)

A. **Public Employees Retirement System of Ohio** (Continued)

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 percent of their covered payroll to PERS. The employer contribution rate for local government employer units is 13.55 percent of covered payroll, including 4.3 percent that is used to fund postretirement healthcare benefits. The Authority picks up employee's portion of PERS for those with more than one year of service. The Authority's total contributions to PERS for pension benefits (excluding the amount relating to postretirement benefits) for the years ended June 30, 2002, 2001, and 2000 were \$2,331,044, \$1,915,341 and \$1,642,578 respectively, equal to 100 percent of the required contribution for each year.

B. **Other Postemployment Benefits**

Public Employees Retirement System of Ohio provides postretirement health care coverage to age and service retirees with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. For state employers the rate was 13.31 percent of covered payroll; 4.30 percent was the portion that was used to fund health care for the year. For local government employer units the rate was 13.55 percent of covered payroll; 4.30 percent was the portion that was used to fund health care for the year. The law enforcement employer rate was 16.70 percent and 4.30 percent was used to fund health care for the year.

AKRON METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2002
 (CONTINUED)

NOTE 6: **RETIREMENT BENEFITS** (Continued)

B. Other Postemployment Benefits (Continued)

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 percent 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, employer contributions equal to 4.3 percent of member covered payroll are set aside to fund healthcare expenses for 2002. 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 \$490,096, \$466,859 and \$420,389 for the years ended June 30, 2002, 2001 and 2000, 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 provisions, are expected to be sufficient to sustain the program indefinitely.

NOTE 7: **INSURANCE COVERAGE**

The Akron Metropolitan Housing Authority 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:

	<u>Deductible</u>	<u>Coverage</u> <u>Limits</u>	
Property	\$ 10,000	\$35,000,000	(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	
Crime	1,000	1,000,000	
Pollution and Remediation Legal Liability	N/A	500,000	
		Per Loss (2,000,000 Aggregate)	
Boiler and Machinery	1,000	50,000,000	

AKRON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002
(CONTINUED)

NOTE 7: **INSURANCE COVERAGE** (Continued)

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.

NOTE 8: **PAYMENTS IN LIEU OF TAXES**

The Akron Metropolitan Housing Authority 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 \$525,763 for the year ended June 30, 2002.

NOTE 9: **LITIGATION**

The Akron Metropolitan Housing Authority 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.

NOTE 10: **WILBETH ARLINGTON FACILITIES**

In December 1996, the Akron Metropolitan Housing Authority 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 partnership through the appointment of the general partner's board of directors. The limited partners, which own 99 percent of the limited liability partnership, are composed of outside investors.

AKRON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002
(CONTINUED)

NOTE 10: **WILBETH ARLINGTON FACILITIES** (Continued)

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 percent 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 percent annually and is payable as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$ 426,725	\$ 497,983	\$ 924,708
2004	471,783	452,925	924,708
2005	521,598	403,110	924,708
2006	576,672	348,036	924,708
2007	637,566	287,142	924,708
2008-2011	2,497,997	430,252	2,928,249
Total	<u>\$5,132,341</u>	<u>\$2,419,448</u>	<u>\$7,551,789</u>

Prior to 2002, the Akron Metropolitan Housing Authority 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 percent, have a maturity date of December 31, 2014 and are payable solely from available cash flow, as defined.

AKRON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002
(CONTINUED)

NOTE 10: **WILBETH ARLINGTON FACILITIES** (Continued)

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. These amounts are composed of the following:

Assets

Structures and Equipment, Net	\$12,965,779
Accounts Receivable	165,095
Cash and Cash Equivalents	940,444
Deferred Changes and Other	288,157
Total	\$14,359,475
	=====

Liabilities

First Mortgage Payable	\$ 5,132,341
Accrued Liabilities	1,560,544
Total	\$ 6,692,885
	=====

The total revenues and expenses of the Wilbeth Arlington facilities for the year ended June 30, 2002 were as follows:

Operating Revenues	\$ 2,287,033
Operating Expenditures	2,393,603
Operating Income (Loss)	(106,570)
Net Income (Loss)	\$ (106,570)

AKRON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002
(CONTINUED)

NOTE 11: **PRIOR PERIOD ADJUSTMENTS**

Adjustments were made during the audit period to correct the various programs' equity balances. Some of the adjustments were to transfer completed fixed assets from the Comprehensive Grant Program to the Low Rent Public Housing Program. Other adjustments were made to correct estimates made during the 2001 fiscal year financials and to expense certain soft costs that were originally capitalized during the 2001 fiscal year.

NOTE 12: **INTERFUND TRANSACTIONS**

Interfund balance at June 30, 2002 consists of the following receivables and payables:

	<u>Due From</u>	<u>Due To</u>
Business Activities	\$ 71,591	\$ 181,217
N/C S/R Section 8 Program	202,598	8,438
Shelter Plus Care	91	2,835
Low Rent Public Housing	341,564	48,025
Section 8 Rental Voucher Program	249,943	639,249
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	209	6,480
Public Housing Capital Fund	34,408	14,160
	\$ 900,404	\$ 900,404

NOTE 13: **CONSTRUCTION COMMITMENTS**

As of June 30, 2002, the Authority had the following significant Contractual Commitments:

<u>Contractor</u>	<u>Amount Remaining On Contractor</u>
Hasenstab Architects	\$ 81,364
V Companies	83,728
Ohio Technical Services	408,793
Hawk, G.B. Construction	94,961
Schindler Elevator	1,275,000
Rohrer, Karl Associates	109,666
Haralson Roofing Company	239,000
Bertolino Trucking Co.	193,858
Cavanaugh Building Corp.	344,559
Parkland Group	90,000
Total	\$ 2,920,929

AKRON METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2002

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Funds Expended
<u><i>From U.S. Department of HUD</i></u>		
<u><i>Direct Programs</i></u>		
<u><i>U.S. Department of HUD</i></u>		
PHA Owned Housing:		
Public Housing Annual Contributions	14.850a	\$14,040,855
Development	14.850b	3,788
Subtotal CFDA 14.850		<hr/> 14,044,643
Public Housing Drug Elimination Program	14.854	1,184,878
New Approach Anti-Drug Grants	14.868	144,789
		<hr/>
Public Housing - Comprehensive Grant Program		
Modernization Program	14.859	815,242
Public Housing - Capital Grant Program	14.872	8,989,557
Shelter Plus Care	14.238	257,401
Resident Opportunity and Supportive Services	14.870	122,410
		<hr/>
Section 8:		
Lower Income Housing Assistance Program - Section 8 - New Construction	14.182	5,281,238
Low Income Housing Assistance Program - Moderate Rehabilitation	14.856	654,361
Total Section 8 - Project Based Cluster		<hr/> 5,935,599
Section 8 - Rental Voucher Program	14.855	21,132,330
		<hr/>
TOTAL EXPENDITURES OF FEDERAL AWARDS (ALL U.S. DEPARTMENT OF HUD)		<hr/> <hr/> \$52,626,849

AKRON METROPOLITAN HOUSING AUTHORITY
NOTES TO SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2002

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.

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
 STATEMENT OF MODERNIZATION COSTS - COMPLETED
 FOR THE TWELVE MONTHS ENDED JUNE 30, 2002

1. The total amount of Modernization Costs for these projects is shown below:

	Modernization Cost	Modernization Cost
	<u>OH12P007707(98)</u>	<u>OH12P007708(99)</u>
Funds Approved	\$ 9,665,761	\$ 11,561,752
Funds Expended	9,665,761	11,561,752
Excess (Deficiency) of Funds Approved	<u>\$ 0</u>	<u>\$ 0</u>
Funds Advanced	\$ 9,665,761	\$ 11,561,752
Funds Expended	9,665,761	11,561,752
Excess (Deficiency) of Funds Advanced	<u>\$ 0</u>	<u>\$ 0</u>

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

AKRON METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL COMBINING BALANCE SHEET INFORMATION - NON-AIDED
JUNE 30, 2002

	<u>Akron 73</u>	<u>Hilltop House</u>	<u>Akron 14</u>	<u>Wilbeth/ Arlington</u>	<u>Thornton Terrace</u>
ASSETS					
Cash and Cash Equivalents	\$ 0	\$ 25	\$ 0	\$ 0	\$ 0
Restricted Cash	0	0	0	0	0
Temporary Investments	0	0	0	0	0
Receivables:					
Federal Government - HUD	0	0	0	0	0
Tenant	1,900	9	508	0	14,623
Interprogram	0	0	0	0	0
Other	0	0	0	0	0
Interprogram Advances	(384,979)	2,613,497	57,768	(4,685,868)	1,080,573
Notes Receivable	0	0	0	0	0
Accrued Interest Receivable	0	0	0	0	0
Escrow Funds and Other Assets	4,886	0	0	0	0
Inventory	0	3,433	0	0	0
Noncurrent Escrow and Other Assets	3,785	2,629	942	0	2,237
Accumulated Depreciation	(866,001)	(1,187,418)	(369,967)	0	(627,322)
Land, Structures & Equipment	2,605,588	2,233,106	716,739	0	1,333,514
Assets Subject to a Sales Contract	0	0	0	14,359,475	0
Total Assets	<u><u>\$ 1,365,179</u></u>	<u><u>\$ 3,665,281</u></u>	<u><u>\$ 405,990</u></u>	<u><u>\$ 9,673,607</u></u>	<u><u>\$ 1,803,625</u></u>
LIABILITIES AND SURPLUS					
Accounts Payable:					
Interprogram	\$ 0	\$ 0	\$ 0	\$ 48,821	\$ 0
Other	29,253	9,440	6,049	0	10,457
Accrued Interest Payable and Other Liabilities	0	0	0	0	0
Non-Current Compensated Absences	0	0	0	0	0
Deferred Credits	0	0	0	0	0
Notes and Mortgages Payable	660,051	387,324	166,254	0	846,230
Liabilities Related to a Sales Contract	0	0	0	12,796,786	0
Total Liabilities	<u>689,304</u>	<u>396,764</u>	<u>172,303</u>	<u>12,845,607</u>	<u>856,687</u>
Surplus (Deficit)	675,875	3,268,517	233,687	(3,172,000)	946,938
Total Liabilities and Surplus	<u><u>\$ 1,365,179</u></u>	<u><u>\$ 3,665,281</u></u>	<u><u>\$ 405,990</u></u>	<u><u>\$ 9,673,607</u></u>	<u><u>\$ 1,803,625</u></u>

AKRON METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL COMBINING BALANCE SHEET INFORMATION - NON-AIDED
JUNE 30, 2002
(CONTINUED)

	Leased Properties	Rosemary Square	Administrative Center	Total
ASSETS				
Cash and Cash Equivalents	\$ 0	\$ 82,191	\$ 10,052,804	\$ 10,135,020
Restricted Cash	0	485,908	2,811,364	3,297,272
Temporary Investments	0	0	0	0
Receivables:				
Federal Government - HUD	0	0	0	0
Tenant	0	14,162	(18,458)	12,744
Interprogram	0	0	605,544	605,544
Other	0	0	198,441	198,441
Interprogram Advances	1,863,256	(73,877)	(470,370)	0
Notes Receivable	0	0	1,370,491	1,370,491
Accrued Interest Receivable	0	0	445,495	445,495
Escrow Fund and Other Assets	0	7,020	1,099,893	1,111,799
Inventory	0	0	0	3,433
Non-Current Escrow and Other Assets	0	0	118,436	128,029
Accumulated Depreciation	0	(4,049,729)	(1,114,939)	(8,215,376)
Land, Structures and Equipment	8,315,580	5,892,538	16,902,092	37,999,157
Assets Subject to a Sales Contract	0	0	0	14,359,475
Total Assets	<u>\$ 10,178,836</u>	<u>\$ 2,358,213</u>	<u>\$ 32,000,793</u>	<u>\$ 61,451,524</u>
LIABILITIES AND SURPLUS:				
Accounts Payable:				
Interprogram	\$ 0	\$ 0	\$ 132,394	\$ 181,215
Other	0	217,874	689,318	962,391
Accrued Interest Payable and Other Liabilities	0	843,911	128,618	972,529
Non-Current Compensated Absences	0	0	72,754	72,754
Deferred Credits	0	0	25,447	25,447
Notes and Mortgages Payable	0	3,523,960	7,645,664	13,229,483
Liabilities Related to a Sales Contract	0	0	0	12,796,786
Total Liabilities	<u>0</u>	<u>4,585,745</u>	<u>8,694,195</u>	<u>28,240,605</u>
Surplus (Deficit)	10,178,836	(2,227,532)	23,306,598	33,210,919
Total Liabilities and Surplus	<u>\$ 10,178,836</u>	<u>\$ 2,358,213</u>	<u>\$ 32,000,793</u>	<u>\$ 61,451,524</u>

AKRON METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL COMBINING STATEMENT OF REVENUES AND EXPENDITURES - NON-AIDED
JUNE 30, 2002

	<u>Akron 73</u>	<u>Hilltop House</u>	<u>Akron 14</u>	<u>Wilbeth/ Arlington</u>
OPERATING REVENUES				
Dwelling Rental	\$ 399,140	\$ 528,110	\$ 78,481	\$ 2,252,173
Non-Dwelling Rental	0	0	0	0
Excess Utility Charges	94	4,284	0	1,891
Interest On Investments	0	0	0	30,807
Other	3,645	3,244	0	2,162
Total Operating Revenues	<u>402,879</u>	<u>535,638</u>	<u>78,481</u>	<u>2,287,033</u>
OPERATING EXPENDITURES:				
Administrative:				
Salaries	12,447	17,072	2,099	125,495
Fiscal Agent Fees	0	0	0	0
Other	976	2,286	817	218,057
Total Administrative	<u>13,423</u>	<u>19,358</u>	<u>2,916</u>	<u>343,552</u>
Tenant Service	0	0	0	0
Utilities	39,622	85,345	16,048	160,705
Ordinary Maintenance and Operation:				
Maintenance Labor	73,658	46,018	15,658	109,333
Maintenance Materials	25,294	15,619	7,829	65,579
Maintenance Contracts	149,465	38,737	7,510	313,209
Total Ordinary Maintenance and Operation	<u>248,417</u>	<u>100,374</u>	<u>30,997</u>	<u>488,121</u>
General Expenditures:				
Real Estate Taxes	0	0	0	262,161
Insurance	5,644	5,826	1,086	28,963
Terminal Leave	0	0	0	0
Employee Benefits	39,389	31,438	8,546	147,839
Collection Losses	4,445	181	2,373	75,422
Other	0	0	0	11,774
Total General Expenditures	<u>49,478</u>	<u>37,445</u>	<u>12,005</u>	<u>526,159</u>
Operating Expenses:				
Non-routine Maintenance	136,247	0	0	0
Protective Services	0	540	0	28,080
Depreciation	35,711	66,105	15,523	289,345
Interest Expense	47,283	38,342	11,771	542,893
Total Operating Expenses	<u>219,241</u>	<u>104,987</u>	<u>27,294</u>	<u>860,318</u>
Total Operating Expenditures	<u>570,181</u>	<u>347,509</u>	<u>89,260</u>	<u>2,378,855</u>
Operating Income (Loss)	<u>(167,302)</u>	<u>188,129</u>	<u>(10,779)</u>	<u>(91,822)</u>
Non-Operating Revenues: (Expenditures)				
Prior Year Adjustment	0	0	0	(260,021)
Loss from Disposition of Equipment And Rental Property - Net	370	460	(237)	(14,179)
Other	0	(650)	0	0
Total Non-Operating Revenues (Expenditures)	<u>370</u>	<u>(190)</u>	<u>(237)</u>	<u>(274,200)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (166,932)</u>	<u>\$ 187,939</u>	<u>\$ (11,016)</u>	<u>\$ (366,022)</u>

AKRON METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL COMBINING STATEMENT OF REVENUES AND EXPENDITURES- NON-AIDED
JUNE 30, 2002

	Thornton Terrace	Rosemary Square	Administrative Center	Total
OPERATING REVENUES				
Dwelling Rental	\$ 257,993	\$ 895,871	\$ 37,372	\$ 4,449,140
Non-Dwelling Rental	0	0	14,550	14,550
Excess Utility Charges	433	5,856	0	12,558
Interest On Investments	0	6,051	474,977	511,835
Other	3	8,021	1,689,968	1,707,043
Total Operating Revenues	<u>258,429</u>	<u>915,799</u>	<u>2,216,867</u>	<u>6,695,126</u>
OPERATING EXPENDITURES:				
Administrative:				
Salaries	9,434	84,614	511,552	762,713
Fiscal Agent Fees	0	61,699	0	61,699
Other	679	72,993	351,972	647,780
Total Administrative	<u>10,113</u>	<u>219,306</u>	<u>863,524</u>	<u>1,472,192</u>
Tenant Service	0	0	21,165	21,165
Utilities	21,783	120,870	139,858	584,231
Ordinary Maintenance and Operation:				
Maintenance Labor	3,892	128,420	59,102	436,081
Maintenance Materials	17,917	192,816	31,903	356,957
Maintenance Contracts	39,945	96,112	241,585	886,563
Total Ordinary Maintenance & Operation	<u>61,754</u>	<u>417,348</u>	<u>332,590</u>	<u>1,679,601</u>
General Expenditures:				
Real Estate Taxes	0	4,958	55	267,174
Insurance	2,630	28,056	3,278	75,483
Terminal Leave	0	0	907	907
Employee Benefits	5,357	39,614	265,030	537,213
Collection Losses	2,469	0	(7,512)	77,378
Other	23,555	200	302	35,831
Total General Expenditures	<u>34,011</u>	<u>72,828</u>	<u>262,060</u>	<u>993,986</u>
Operating Expenses:				
Non-routine Maintenance	4,400	0	0	140,647
Protective Services	0	47,728	69,665	146,013
Depreciation	28,697	156,794	322,172	914,347
Interest Expense	23,290	74,499	207,273	945,351
Total Operating Expenses	<u>56,387</u>	<u>279,021</u>	<u>599,110</u>	<u>2,146,358</u>
Total Operating Expenditures	<u>184,048</u>	<u>1,109,373</u>	<u>2,218,307</u>	<u>6,897,533</u>
Operating Income (Loss)	<u>74,381</u>	<u>(193,574)</u>	<u>(1,440)</u>	<u>(202,407)</u>
Non-Operating Revenues: (Expenditures)				
Prior Year Adjustment	0	0	52,725	(207,296)
Loss from Disposition of Equipment And Rental Property - Net	(68)	0	3,484	(10,170)
Other	0	0	(199,099)	(199,749)
Total Non-Operating Revenues (Expenditures)	<u>(68)</u>	<u>0</u>	<u>(142,890)</u>	<u>(417,215)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 74,313</u>	<u>\$ (193,574)</u>	<u>\$ (144,330)</u>	<u>\$ (619,622)</u>

AKRON METROPOLITAN HOUSING AUTHORITY
 COMBINING BALANCE SHEET
 FDS SCHEDULE SUBMITTED TO HUD
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 JUNE 30, 2002

FDS Line Item No.	Account Description	Public Housing Capital Fund Program	N/C S/R Section 8 Programs	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Section 8 Rental Voucher Programs
ASSETS						
111	Cash - Unrestricted	\$ 0	\$ 48	\$ 1	\$ 0	\$ 0
112	Cash - Restricted - Modernization & Development	336,794	0	0	0	0
113	Cash - Other Restricted	0	0	0	0	0
114	Cash - Tenant Security Deposits	0	0	222,291	0	0
100	Total Cash	<u>336,794</u>	<u>48</u>	<u>222,292</u>	<u>0</u>	<u>0</u>
122	A/R - HUD - Other Projects	242,685	13,101	2,127,609	112,348	0
125	A/R - Miscellaneous	333	0	149,387	0	246,082
126	A/R Tenants - Dwelling Rents	0	0	140,985	0	0
126.1	Allowance for Doubtful Accounts - Dwelling Rents	0	0	(4,441)	0	0
126.2	Allowance for Doubtful Accounts - Other	0	0	0	0	0
129	Accrued Interest Receivable	0	0	0	0	0
120	Total Accounts Receivable	<u>243,018</u>	<u>13,101</u>	<u>2,413,540</u>	<u>112,348</u>	<u>246,082</u>
131	Investments - Unrestricted	0	1,767,912	5,947,537	0	1,215,769
142	Prepaid Expenses and Other Assets	0	0	340,045	0	0
143	Inventories	0	0	663,394	0	0
143.1	Allowance for Obsolete Inventories	0	0	(54,398)	0	0
144	Interprogram Due From	34,408	202,598	341,564	0	249,943
150	Total Current Assets	<u>614,220</u>	<u>1,983,659</u>	<u>9,873,974</u>	<u>112,348</u>	<u>1,711,794</u>
161	Land	0	0	17,182,282	0	0
162	Buildings	0	0	179,980,822	0	0
163	Furniture & Equipment - Dwellings	0	0	2,938,153	0	699,766
164	Furniture & Equipment - Administration	0	4,600	2,705,801	12,331	0
165	Leasehold Improvements	0	0	0	0	0
166	Accumulated Depreciation	0	(1,940)	(108,961,544)	(2,802)	(348,047)
167	Construction in Progress	12,395,819	0	0	0	0
160	Total Fixed Assets Net	<u>12,395,819</u>	<u>2,660</u>	<u>93,845,514</u>	<u>9,529</u>	<u>351,719</u>
171	Notes and Mortgages Receivable- Non-Current	0	0	0	0	0
180	Total Non-Current Assets	<u>12,395,819</u>	<u>2,660</u>	<u>93,845,514</u>	<u>9,529</u>	<u>351,719</u>
190	TOTAL ASSETS	<u><u>\$13,010,039</u></u>	<u><u>\$ 1,986,319</u></u>	<u><u>\$103,719,488</u></u>	<u><u>\$ 121,877</u></u>	<u><u>\$ 2,063,513</u></u>

AKRON METROPOLITAN HOUSING AUTHORITY
 COMBINING BALANCE SHEET
 FDS SCHEDULE SUBMITTED TO HUD
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 JUNE 30, 2002
 (CONTINUED)

FDS Line Item No.	Account Description	Development	Section 8 Rental Certificate Program	Public Housing Comprehensive Grant Program	New Approach Anti-Drug Grants	Resident Opportunity & Supportive Services
ASSETS						
111	Cash - Unrestricted	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
112	Cash - Restricted - Modernization & Development	0	0	455,588	0	0
113	Cash - Other Restricted	0	0	0	16	0
114	Cash - Tenant Security Deposits	0	0	0	0	0
100	Total Cash	<u>\$ 0</u>	<u>0</u>	<u>455,588</u>	<u>16</u>	<u>0</u>
122	A/R - HUD - Other Projects	0	0	0	5,865	14,040
125	A/R - Miscellaneous	0	0	0	0	0
126	A/R Tenants - Dwelling	0	0	0	0	0
126.1	Allowance for Doubtful Accounts - Dwelling	0	0	0	0	0
126.2	Allowance for Doubtful Accounts - Other	0	0	0	0	0
129	Accrued Interest Receivable	0	0	0	0	0
120	Total Accounts Receivable	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,865</u>	<u>14,040</u>
131	Investments - Unrestricted	0	0	0	0	0
142	Prepaid Expenses and Other Assets	0	0	0	0	0
143	Inventories	0	0	0	0	0
143.1	Allowance for Obsolete Inventories	0	0	0	0	0
144	Interprogram Due From	0	0	0	0	0
150	Total Current Assets	<u>0</u>	<u>0</u>	<u>455,588</u>	<u>5,881</u>	<u>14,040</u>
161	Land	0	0	0	0	0
162	Buildings	0	0	0	0	0
163	Furniture & Equipment - Dwellings	0	0	0	0	0
164	Furniture & Equipment - Administration	0	0	0	0	7,009
165	Leasehold Improvements	0	0	0	0	0
166	Accumulated Depreciation	0	0	0	0	(4,162)
167	Construction in Progress	0	0	19,722,777	0	0
160	Total Fixed Assets Net	<u>0</u>	<u>0</u>	<u>19,722,777</u>	<u>0</u>	<u>2,847</u>
171	Notes and Mortgages Receivable - Non-Current	0	0	0	0	0
180	Total Non-Current Assets	<u>0</u>	<u>0</u>	<u>19,722,777</u>	<u>0</u>	<u>2,847</u>
190	TOTAL ASSETS	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$20,178,365</u>	<u>\$ 5,881</u>	<u>\$ 16,887</u>

AKRON METROPOLITAN HOUSING AUTHORITY
 COMBINING BALANCE SHEET
 FDS SCHEDULE SUBMITTED TO HUD
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 JUNE 30, 2002
 (CONTINUED)

FDS Line Item No.	Account Description	Shelter Plus Care	Lower Income Housing Assistance Prog. Section 8 Mod. Rehab. OH007MR0009	Business Activities	Total
ASSETS					
111	Cash - Unrestricted	\$ 1	\$ 1	\$ 14,771	\$ 14,822
112	Cash - Restricted - Modernization & Development	0	0	0	792,382
113	Cash - Other Restricted	0	0	2,116,329	2,116,345
114	Cash - Tenant Security Deposits	0	0	137,697	359,988
100	Total Cash	1	1	2,268,797	3,283,537
122	A/R - HUD - Other Projects	5,668	0	0	2,521,316
125	A/R - Miscellaneous	0	20,446	281,844	698,092
126	A/R Tenants - Dwelling Rents	0	0	114,702	255,687
126.1	Allowance for Doubtful Accounts- Dwelling Rents	0	0	(19,158)	(23,599)
126.2	Allowance for Doubtful Accounts- Other	0	0	0	0
129	Accrued Interest Receivable	0	0	445,495	445,495
120	Total Accounts Receivable	5,668	20,446	822,883	3,896,991
131	Investments - Unrestricted	48,085	103,979	12,103,939	21,187,221
142	Prepaid Expenses and Other Assets	0	0	1,175,553	1,515,598
143	Inventories	0	0	12,936	676,330
143.1	Allowance for Obsolete Inventories	0	0	(100)	(54,498)
144	Interprogram Due From	91	209	71,591	900,404
150	Total Current Assets	53,845	124,635	16,455,599	31,405,583
161	Land	0	0	8,351,324	25,533,606
162	Buildings	0	0	43,306,442	223,287,264
163	Furniture & Equipment - Dwellings	0	0	180,277	3,818,196
164	Furniture & Equipment - Administration	0	31,671	1,992,193	4,753,605
165	Leasehold Improvements	0	0	0	0
166	Accumulated Depreciation	0	(15,739)	(11,084,778)	(120,419,012)
167	Construction in Progress	0	0	0	32,118,596
160	Total Fixed Assets Net	0	15,932	(42,745,458)	169,092,255
171	Notes and Mortgages Receivable- Non-Current	0	0	2,312,648	2,312,648
180	Total Non-Current Assets	0	15,932	45,058,106	171,404,903
190	TOTAL ASSETS	\$ 53,845	\$ 140,567	\$ 61,513,705	\$ 202,810,486

AKRON METROPOLITAN HOUSING AUTHORITY
 COMBINING BALANCE SHEET
 FDS SCHEDULE SUBMITTED TO HUD
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 JUNE 30, 2002
 (CONTINUED)

FDS Line Item No.	Account Description	Public Housing Capital Fund Program	N/C S/R Section 8 Programs	Low Rent Public Housing	Public & Indian Housing Drug Elimination Program	Section 8 Rental Voucher Program
<u>LIABILITIES</u>						
312	Accounts Payable, <= 90 Days	\$ 420,316	\$ 482	\$ 1,688,457	\$ 112,348	\$ 179,556
321	Accrued Wages/Payroll Taxes	757	2,885	560,195	0	66,044
322	Accrued Compensated Absence	19,423	184	610,979	0	4,220
325	Accrued Interest Payable	0	0	0	0	0
331	Accounts Payable - HUD PHA Prog.	0	194,898	1,799,442	0	1,060,560
341	Tenant Security Deposits	0	0	222,291	0	0
343	Long-Term Debt-Capital Projects	0	0	0	0	0
345	Other Current Liabilities	155,202	0	48,526	0	330,986
346	Accrued Liabilities - Other	4,362	0	455,764	0	0
347	Interprogram Due To	14,160	8,438	48,025	0	639,249
310	Total Current Liabilities	<u>614,220</u>	<u>206,887</u>	<u>5,433,679</u>	<u>112,348</u>	<u>2,280,615</u>
351	Long-Term Debt, Net of Current Capital Projects	0	0	0	0	0
353	Non-Current Liabilities - Other	0	2,893	167,594	0	66,238
354	Accrued Compensated Absences	0	0	783,251	0	0
350	Total Non-Current Liabilities	<u>0</u>	<u>2,893</u>	<u>950,845</u>	<u>0</u>	<u>66,238</u>
300	TOTAL LIABILITIES	614,220	209,780	6,384,524	112,348	2,346,853
504	Net PHA HUD Contributions	0	0	94,217,751	0	0
508	Total Contributed Capital	<u>0</u>	<u>0</u>	<u>94,217,751</u>	<u>0</u>	<u>0</u>
509	Fund Balance Reserved for Encumbrances/Designated Fund	0	0	0	0	0
511	Total Reserved Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
512	Retained Earnings	12,395,819	1,776,539	3,117,213	9,529	(283,340)
513	Total Equity	<u>12,395,819</u>	<u>1,776,539</u>	<u>97,334,964</u>	<u>9,529</u>	<u>(283,340)</u>
600	TOTAL LIABILITIES AND EQUITY	<u>\$13,010,039</u>	<u>\$ 1,986,319</u>	<u>\$103,719,488</u>	<u>\$ 121,877</u>	<u>\$ 2,063,513</u>

AKRON METROPOLITAN HOUSING AUTHORITY
 COMBINING BALANCE SHEET
 FDS SCHEDULE SUBMITTED TO HUD
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 JUNE 30, 2002
 (CONTINUED)

FDS Line Item No.	Account Description	Development	Section 8 Rental Certificate Program	Public Housing Comprehensive Grant Program	New Approach Anti-Drug Grants	Resident Opportunity & Supportive Services
LIABILITIES						
312	Accounts Payable, <= 90 Days	\$ 0	\$ 0	\$ 0	\$ 5,865	\$ 14,040
321	Accrued Wages/Payroll Taxes	0	0	0	0	0
322	Accrued Compensated Absence	0	0	0	0	0
325	Accrued Interest Payable	0	0	0	0	0
3031	Accounts Payable - HUD PHA Prog.	0	0	0	0	0
341	Tenant Security Deposits	0	0	0	0	0
343	Long-Term Debt-Capital Projects	0	0	0	0	0
345	Other Current Liabilities	0	0	0	0	0
346	Accrued Liabilities - Other	0	0	455,588	0	0
347	Interprogram Due To	0	0	0	0	0
310	Total Current Liabilities	<u>0</u>	<u>0</u>	<u>455,588</u>	<u>5,865</u>	<u>14,040</u>
351	Long-Term Debt, Net of Current Capital Projects	0	0	0	0	0
353	Non-Current Liabilities - Other	0	0	0	0	0
354	Accrued Compensated Absences	0	0	0	0	0
350	Total Non-Current Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
300	TOTAL LIABILITIES	<u>0</u>	<u>0</u>	<u>455,588</u>	<u>5,865</u>	<u>14,040</u>
504	Net PHA HUD Contributions	0	0	11,815,332	0	0
508	Total Contributed Capital	<u>0</u>	<u>0</u>	<u>11,815,332</u>	<u>0</u>	<u>0</u>
509	Fund Balance Reserved for Encumbrances/ Designated Fund	0	0	0	0	0
511	Total Reserved Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
512	Retained Earnings	0	0	7,907,445	16	2,847
513	Total Equity	<u>0</u>	<u>0</u>	<u>19,722,777</u>	<u>16</u>	<u>2,847</u>
600	TOTAL LIABILITIES AND EQUITY	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 20,178,365</u>	<u>\$ 5,881</u>	<u>\$ 16,887</u>

AKRON METROPOLITAN HOUSING AUTHORITY
 COMBINING BALANCE SHEET
 FDS SCHEDULE SUBMITTED TO HUD
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 JUNE 30, 2002
 (CONTINUED)

FDS Line Item No.	Account Description	Shelter Plus Care	Lower Income Housing Assistance Prog. Section 8 Mod. Rehab. OH007MR0009	Business Activities	Total
LIABILITIES					
312	Accounts Payable, <= 90 Days	\$ 581	\$ 1,328	\$ 290,966	\$ 2,713,939
321	Accrued Wages/Payroll Taxes	969	2,215	62,262	695,327
322	Accrued Compensated Absence	62	142	1,263	636,273
325	Accrued Interest Payable	0	0	43,112	43,112
331	Accounts Payable - HUD PHA Prog.	0	241,750	0	3,296,650
341	Tenant Security Deposits	0	0	135,652	357,943
343	Long-Term Debt-Capital Projects	0	0	1,031,616	1,031,616
345	Other Current Liabilities	0	20,446	239,882	795,042
346	Accrued Liabilities - Other	0	0	790,054	1,705,768
347	Interprogram Due To	2,835	6,480	181,217	900,404
310	Total Current Liabilities	<u>4,447</u>	<u>272,361</u>	<u>2,776,024</u>	<u>12,176,074</u>
351	Long-Term Debt, Net of Current Capital Projects	0	0	19,203,794	19,203,794
353	Non-Current Liabilities - Other	972	2,222	98,201	338,120
354	Accrued Compensated Absences	0	0	19,779	803,030
350	Total Non-Current Liabilities	<u>972</u>	<u>2,222</u>	<u>19,321,774</u>	<u>20,344,944</u>
300	TOTAL LIABILITIES	5,419	274,583	22,097,798	32,521,018
504	Net PHA HUD Contributions	0	0	0	106,033,083
508	Total Contributed Capital	<u>0</u>	<u>0</u>	<u>0</u>	<u>106,033,083</u>
509	Fund Balance Reserved for Encumbrances/Designated Fund	0	0	0	0
511	Total Reserved Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
512	Retained Earnings	48,426	(134,016)	39,415,907	64,256,385
513	Total Equity	<u>48,426</u>	<u>(134,016)</u>	<u>39,415,907</u>	<u>170,289,468</u>
600	TOTAL LIABILITIES AND EQUITY	<u>\$ 53,845</u>	<u>\$ 140,567</u>	<u>\$ 61,513,705</u>	<u>\$202,810,486</u>

AKRON 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 JUNE 30, 2002

FDS Line Item No.	Account Description	Public Housing Capital Fund Program	N/C S/R Section 8 Programs	Low Rent Public Housing	Public & Indian Housing Drug Elimination Program	Section 8 Rental Voucher Program
REVENUE						
703	Net Tenant Rental Revenue	\$ 0	\$ 0	\$ 6,226,349	\$ 0	\$ 0
704	Tenant Revenue - Other	0	0	72,747	0	0
705	Total Tenant Revenue	<u>0</u>	<u>0</u>	<u>6,299,096</u>	<u>0</u>	<u>0</u>
706	HUD PHA Grants	8,989,557	5,281,238	14,040,855	1,184,878	21,132,330
711	Investment Income - Unrestricted	0	35,292	146,249	0	15,641
715	Other Revenue	0	0	270,630	0	(17,021)
716	Gain/Loss on Sale of Fixed Assets	0	0	0	0	(4,921)
720	Investment Income - Restricted	0	0	0	0	0
700	Total Revenue	<u>8,989,557</u>	<u>5,316,530</u>	<u>20,756,830</u>	<u>1,184,878</u>	<u>21,126,029</u>
EXPENSES						
911	Administrative Salaries	226,181	33,411	2,461,748	0	919,802
912	Auditing Fees	0	317	29,636	0	14,041
913	Outside Management Fees	0	464,079	59,049	0	56,904
914	Compensated Absences	0	0	833,158	0	10,647
915	Employee Benefit Contributions - Administrative	50,244	24,580	1,320,492	0	467,770
916	Other Operating - Administrative	359,013	9,165	1,475,225	7,077	518,436
921	Tenant Services - Salaries	0	0	179,168	33,866	37,135
922	Relocation Costs	35,228	0	0	0	0
923	Employee Benefit Contributions - Tenant Services	0	0	73,361	5,569	18,885
924	Tenant Services - Other	0	0	59,298	613,055	8,086
931	Water	0	0	721,955	0	0
932	Electricity	0	0	1,273,237	0	0
933	Gas	0	0	955,179	0	0
938	Other Utilities Expense	0	0	794,650	0	0
941	Ordinary Maintenance and Operations-Labor	0	0	4,037,202	0	0
942	Ordinary Maintenance and Operations-Materials	0	0	1,107,583	0	3,115
943	Ordinary Maintenance and Operations-Contract Costs	0	20	1,657,413	0	46,699
945	Employee Benefit Contributions - Ordinary Maintenance	0	0	2,017,417	0	0
951	Protective Services - Labor	400,120	0	528,096	440,624	10,362
952	Protective Services - Other Contract Costs	0	0	127,881	0	0
953	Protective Service - Other	0	0	0	0	0
955	Employee Benefit Contributions- Protective Services	89,323	0	256,762	72,464	5,269
961	Insurance Premiums	0	(94)	369,601	0	19,456
962	Other General Expenses	0	0	2,471	0	(29,406)
963	Payments in Lieu of Taxes	0	0	259,201	0	0
964	Bad Debts - Tenant Rents	0	0	132,114	0	0
967	Interest Expense	0	0	0	0	0
968	Severance Expense	0	0	8,145	0	0
969	Total Operating Expenses	<u>1,160,109</u>	<u>531,478</u>	<u>20,740,042</u>	<u>1,172,655</u>	<u>2,107,201</u>
970	Excess Operating Revenues Over Expenses	<u>7,829,448</u>	<u>4,785,052</u>	<u>16,788</u>	<u>12,223</u>	<u>19,018,828</u>

AKRON 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 JUNE 30, 2002

FDS Line Item No.	Account Description	Public Housing Capital Fund Program	N/C S/R Section 8 Programs	Low Rent Public Housing	Public & Indian Housing Drug Elimination Program	Section 8 Rental Voucher Program
	OTHER EXPENSES					
971	Extraordinary Maintenance	\$ 0	\$ 0	\$ 1,500	\$ 0	\$ 0
972	Casualty Losses-NonCapitalized	0	0	86,709	0	(3,733)
973	Housing Assistance Payments	0	4,965,469	0	0	19,040,199
974	Depreciation Expense	0	0	7,733,734	3,395	94,247
900	Total Expenses	<u>1,160,109</u>	<u>5,496,947</u>	<u>28,561,985</u>	<u>1,176,050</u>	<u>21,237,914</u>
1010	Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
1000	Excess (Deficiency) of Operating Revenues Over (Under) Expenses	<u>7,829,448</u>	<u>(180,417)</u>	<u>(7,805,155)</u>	<u>8,828</u>	<u>(111,885)</u>
1101	Capital Outlays-Enterprise Fund	0	0	0	0	0
1102	Debt Principal Payments - Enterprise Funds	0	0	0	0	0
1103	Beginning Equity	4,566,371	2,159,282	97,427,103	8,292	(1,008,867)
1104	Prior Period Adjustment	0	(202,326)	7,713,016	(7,591)	837,412
1112	Depreciation Add Back	0	0	7,733,734	0	0
1113	Maximum Annual Contributions Commitment (Per ACC)	0	1,491,616	0	0	8,019,745
1114	Prorata Maximum Annual Contributions Applicable to a Period of Less Than Twelve Months	0	0	0	0	14,173,146
1115	Contingency Reserve, ACC Program Reserve	0	29,615,374	0	0	5,615,439
1116	Total Annual Contributions Available	0	31,106,990	0	0	27,808,330
1120	Unit Months Available	0	11,712	52,272	0	47,160
1121	Number of Unit Months Leased	0	11,354	50,634	0	43,868

AKRON 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 JUNE 30, 2002

FDS Line Item No.	Account Description	Development	Section 8 Rental Certificate Program	Public Housing Comprehensive Grant Program	New Approach Anti-Drug Grants	Resident Opportunity and Supportive Services
REVENUE						
703	Net Tenant Rental Revenue	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
704	Tenant Revenue - Other	0	0	0	0	0
705	Total Tenant Revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
706	HUD PHA Grants	3,788	0	815,242	144,789	122,410
711	Investment Income - Unrestricted	0	0	0	0	0
715	Other Revenue	0	0	0	0	0
716	Gain/Loss on Sale of Fixed Assets	0	0	0	0	0
720	Investment Income - Restricted	0	0	0	0	0
700	Total Revenue	<u>3,788</u>	<u>0</u>	<u>815,242</u>	<u>144,789</u>	<u>122,410</u>
EXPENSES						
911	Administrative Salaries	0	0	0	0	0
912	Auditing Fees	0	0	0	0	0
913	Outside Management Fees	0	0	0	0	0
914	Compensated Absences	0	0	0	0	0
915	Employee Benefit Contributions - Administrative	0	0	0	0	0
916	Other Operating - Administrative	0	0	1,937	0	8,209
921	Tenant Services - Salaries	0	0	0	0	59,395
922	Relocation Costs	0	0	1,190	0	0
923	Employee Benefit Contributions - Tenant Services	0	0	0	0	11,225
924	Tenant Services - Other	0	0	0	0	43,639
931	Water	0	0	0	0	0
932	Electricity	0	0	0	0	0
933	Gas	0	0	0	0	0
938	Other Utilities Expense	0	0	0	0	0
941	Ordinary Maintenance and Operations-Labor	0	0	0	0	0
942	Ordinary Maintenance and Operations-Materials and Other	0	0	0	0	0
943	Ordinary Maintenance and Operations-Contract Costs	0	0	0	6,561	0
945	Employee Benefit Contributions - Ordinary Maintenance	0	0	0	0	0
951	Protective Services - Labor	0	0	0	126,472	0
952	Protective Services- Other Contract Costs	0	0	21,411	0	0
953	Protective Services- Other	0	0	0	0	0
955	Employee Benefit Contributions - Protective Services	0	0	0	11,740	0
961	Insurance Premiums	0	0	0	0	0
962	Other General Expenses	0	0	0	0	0
963	Payments in Lieu of Taxes	0	0	0	0	0
964	Bad Debts - Tenant Rents	0	0	0	0	0
967	Interest Expense	0	0	0	0	0
968	Severance Expense	0	0	0	0	0
969	Total Operating Expenses	<u>0</u>	<u>0</u>	<u>24,538</u>	<u>144,773</u>	<u>122,468</u>
970	Excess Operating Revenues Over Expenses	<u>3,788</u>	<u>0</u>	<u>790,704</u>	<u>16</u>	<u>(58)</u>

AKRON 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 JUNE 30, 2002

FDS Line Item No.	Account Description	Development	Section 8 Rental Certificate Program	Public Housing Comprehensive Grant Program	New Approach Anti-Drug Grants	Resident Opportunity and Supportive Services
	OTHER EXPENSES					
971	Extraordinary Maintenance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
972	Casualty Losses-NonCapitalized	0	0	0	0	0
973	Housing Assistance Payments	0	0	0	0	0
974	Depreciation Expense	0	0	0	0	679
900	Total Expenses	<u>0</u>	<u>0</u>	<u>24,538</u>	<u>144,773</u>	<u>123,147</u>
1010	Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
1000	Excess (Deficiency) of Operating Revenues Over (Under) Expenses	<u>3,788</u>	<u>0</u>	<u>790,704</u>	<u>16</u>	<u>(737)</u>
1101	Capital Outlays-Enterprise Fund	0	0	0	0	0
1102	Debt Principal Payments - Enterprise Fund	0	0	0	0	0
1103	Beginning Equity	0	676,106	26,900,818	0	8,713
1104	Prior Period Adjustment	(3,788)	(676,106)	(7,968,745)	0	(5,129)
1112	Depreciation Add Back	0	0	0	0	0
1113	Maximum Annual Contributions Commitment (Per ACC)	0	0	0	0	0
1114	Prorata Maximum Annual Contributions Applicable to a Period of Less than Twelve Months	0	0	0	0	0
1115	Contingency Reserve, ACC Program Reserve	0	0	0	0	0
1116	Total Annual Contributions Available	0	0	0	0	0
1120	Unit Months Available	0	0	0	0	0
1121	Number of Unit Months Leased	0	0	0	0	0

AKRON 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 JUNE 30, 2002
 (CONTINUED)

FDS Line Item No.	<u>Account Description</u>	Shelter Care Plus	Lower Income Housing Assist. Prog. Section 8 Mod. Rehab. OH007MR0009	Business Activities	Total
	REVENUE				
703	Net Tenant Rental Revenue	\$ 0	\$ 0	\$ 4,427,932	\$ 10,654,281
704	Tenant Revenue - Other	0	0	22,821	95,568
705	Total Tenant Revenue	<u>0</u>	<u>0</u>	<u>4,450,753</u>	<u>10,749,849</u>
706	HUD PHA Grants	257,401	654,361	0	52,626,849
711	Investment Income - Unrestricted	0	523	469,897	667,602
715	Other Revenue	1	3	1,731,305	1,984,918
716	Gain/Loss on Sale of Fixed Assets	(72)	(165)	0	(5,158)
720	Investment Income - Restricted	0	0	21,996	21,996
700	Total Revenue	<u>257,330</u>	<u>654,722</u>	<u>6,673,951</u>	<u>66,046,056</u>
	EXPENSES				
911	Administrative Salaries	13,563	31,000	646,924	4,332,629
912	Auditing Fees	206	471	4,495	49,166
913	Outside Management Fees	835	1,909	99,120	681,896
914	Compensated Absences	156	357	155,834	1,000,152
915	Employee Benefit Contributions - Administrative	6,901	15,774	297,730	2,183,491
916	Other Operating - Administrative	8,925	17,875	599,368	3,005,230
921	Tenant Services - Salaries	545	1,246	15,547	326,902
922	Relocation Costs	0	0	0	36,418
923	Employee Benefit Contributions - Tenant Services	277	634	8,184	118,135
924	Tenant Services - Other	119	271	5,618	730,086
931	Water	0	0	141,200	863,155
932	Electricity	0	0	227,427	1,500,664
933	Gas	0	0	87,456	1,042,635
938	Other Utilities Expense	0	0	128,149	922,799
941	Ordinary Maintenance and Operations-Labor	0	0	467,748	4,504,950
942	Ordinary Maintenance and Operations-Materials	46	104	292,131	1,402,979
943	Ordinary Maintenance and Operations-Contract Costs	142	324	886,172	2,597,331
945	Employee Benefit Contributions - Ordinary Maintenance	0	0	178,998	2,196,415
951	Protective Services - Labor	152	348	108,171	1,614,345
952	Protective Services - Other Contract Costs	0	0	37,303	186,595
953	Protective Services - Other	0	0	538	538
955	Employee Benefit Contributions - Protective Services	77	177	34,449	470,261
961	Insurance Premiums	286	653	73,999	463,901
962	Other General Expenses	0	(889)	22,181	(5,643)
963	Payments in Lieu of Taxes	0	0	266,562	525,763
964	Bad Debts - Tenant Rents	0	0	77,379	209,493
967	Interest Expense	0	0	870,852	870,852
968	Severance Expense	0	0	907	9,052
969	Total Operating Expenses	<u>32,230</u>	<u>70,254</u>	<u>5,734,442</u>	<u>31,840,190</u>
970	Excess Operating Revenues Over Expenses	<u>225,100</u>	<u>584,468</u>	<u>939,509</u>	<u>34,205,866</u>

AKRON 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 JUNE 30, 2002
 (CONTINUED)

FDS Line Item No.	<u>Account Description</u>	Shelter Care Plus	Lower Income Housing Assist. Prog. Section 8 Mod. Rehab. OH007MR0009	Business Activities	Total
	OTHER EXPENSES				
971	Extraordinary Maintenance	\$ 0	\$ 0	\$ 140,647	\$ 142,147
972	Casualty Losses-NonCapitalized	(55)	(125)	33,094	115,890
973	Housing Assistance Payments	238,331	583,154	0	24,827,153
974	Depreciation Expense	0	3,115	918,449	8,753,619
900	Total Expenses	<u>270,506</u>	<u>656,398</u>	<u>6,826,632</u>	<u>65,678,999</u>
1010	Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
1000	Excess (Deficiency) of Operating Revenues Over (Under) Expenses	<u>(13,176)</u>	<u>(1,676)</u>	<u>(152,681)</u>	<u>367,057</u>
1101	Capital Outlays-Enterprise Fund	0	0	0	0
1102	Debt Principal Payments	0	0	970,386	970,386
1103	Beginning Equity	61,602	(106,075)	39,566,333	170,259,678
1104	Prior Period Adjustment	0	(26,265)	2,255	(337,267)
1112	Depreciation Add Back	0	0	0	7,733,734
1113	Maximum Annual Contributions Commitment (Per ACC)	0	307,800	0	9,819,161
1114	Prorata Maximum Annual Contributions Applicable To a Period of Less than Twelve Months	0	0	0	14,173,146
1115	Contingency Reserve, ACC Program Reserve	0	1,900,888	0	37,131,701
1116	Total Annual Contributions Available	0	2,208,688	0	61,124,008
1120	Unit Months Available	732	1,917	8,856	122,649
1121	Number of Unit Months Leased	655	1,466	8,230	116,207

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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 Trustees
Akron Metropolitan Housing Authority
Akron, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited the combined financial statements of the Akron Metropolitan Housing Authority (AMHA) as of and for the year ended June 30, 2002 listed in the foregoing table of contents, and have issued our report thereon dated November 21, 2002. 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 one percent of the total assets at June 30, 2002 and total operating revenues constituting less than two percent of total operating revenues for the year then ended. Those statements were audited by other auditors and 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 the Akron 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 Akron Metropolitan Housing Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

November 21, 2002

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 Trustees
Akron Metropolitan Housing Authority
Akron, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

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 each of its major federal programs for the year ended June 30, 2002. Akron 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 Akron Metropolitan Housing Authority'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; 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 Akron 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 Akron Metropolitan Housing Authority's compliance with those requirements.

Our audit of compliance did not comprehend the operations of Rosemary Square, Inc. (a not-not-for-profit organization owned by Akron Metropolitan Housing Authority) 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 of Rosemary Square, Inc. The amount of expenditures of federal wards for Rosemary Square for the year ended June 30, 2002 was \$900,077.

In our opinion, Akron 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 June 30, 2002.

Internal Control Over Compliance

The management of the Akron 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 Akron 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 Trustees, management, Auditor of State, 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.

November 21, 2002

James G. Zupka
Certified Public Accountant

AKRON METROPOLITAN HOUSING AUTHORITY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 OMB CIRCULAR A-133 & .505
 JUNE 30, 2002

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

2002(i)	Type of Financial Statement Opinion	Unqualified
2002(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
2002(ii)	Were there any other reportable control weakness conditions reported at the financial statements level (GAGAS)?	No
2002(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2002(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
2002(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
2002(v)	Type of Major Programs' Compliance Opinion	Unqualified
2002(vi)	Are there any reportable findings under .510?	No
2002(vii)	Major Programs (list):	Public Housing CFDA#14.850 Capital Grant CFDA#14.872 Comp. Grant CFDA#14.859 Public & Indian Housing Drug Elimination Grant CFDA#14.854
2002(viii)	Dollar Threshold: Type A\B Programs	Type A: >\$1,578,805 Type B: > all others
2002(ix)	Low Risk Auditee?	Yes

AKRON METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 & .505
(CONTINUED)
JUNE 30, 2002

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.

AKRON METROPOLITAN HOUSING AUTHORITY
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2002

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



**Auditor of State
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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
FEBRUARY 11, 2003**