

Adams Metropolitan Housing Authority  
General Purpose Financial Statements  
For the Year Ended September 30, 2003





**Auditor of State  
Betty Montgomery**

Board of Commissioners  
Adams Metropolitan Housing Authority

We have reviewed the Independent Auditor's Report of the Adams Metropolitan Housing Authority, Adams County, prepared by Salvatore Consiglio, CPA, Inc. for the audit period October 1, 2002 through September 30, 2003. 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 Adams Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

June 22, 2004

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ADAMS METROPOLITAN HOUSING AUTHORITY  
AUDIT REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2003

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## Independent Auditors' Report

Board of Directors  
Adams Metropolitan Housing Authority

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

I have audited the accompanying general purpose financial statements of Adams Metropolitan Housing Authority, Ohio, as of and for the year ended September 30, 2003, as listed in the table of contents. These general purpose financial statements are the responsibility of the Adams Metropolitan Housing Authority, Ohio, management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

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

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Adams Metropolitan Housing Authority, Ohio, as of September 30, 2003, and the results of its operations and the cash flows of its proprietary fund for the year then ended in conformity with accounting principles generally accepted in the United State of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated April 2, 2004, on my consideration of Adams Metropolitan Housing Authority, Ohio's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the result of my audit.

My Audit was performed for the purpose of forming and 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 Adams Metropolitan Housing Authority, Ohio. The accompanying 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 Government and Non-Profit Organizations* and is not a required part of the general purpose financial statements. The combining financial data schedule ("FDS") is presented for purposes additional analysis as required by the Department of Housing and Urban Development and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respect in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Salvatore Consiglio". The signature is written in black ink and is positioned above a horizontal line.

Salvatore Consiglio, CPA, Inc.  
April 2, 2004

Adams Metropolitan Housing Authority  
 Combined Balance Sheet  
 Proprietary Fund Type - Enterprise Fund  
 September 30, 2003

ASSETS

CURRENT ASSETS:

Cash and Cash Equivalents	\$442,115
Receivables - Net of Allowance	76,685
Prepaid Expenses	20,963
Inventory	320
Interprogram Due From	56,993
TOTAL CURRENT ASSETS	597,076
Fixed Assets - Net of Accumulated Depreciation	5,509,534
TOTAL ASSETS	\$6,106,610

LIABILITIES AND FUND EQUITY

CURRENT LIABILITES:

Accounts Payable	\$8,334
Intergovernmental Payables	106,074
Accrued Wages/Payroll Taxes	8,196
Tenant Security Deposits	12,686
Deferred Credits and Other Liabilities	1,391
Interprogram Due To	56,993
TOTAL CURRENT LIABILITIES	193,674

NONCURRENT LIABILITES:

Other Long-term Liabilities	78,199
TOTAL NONCURRENT LIABILITIES	78,199
TOTAL LIABILITIES	271,873

FUND EQUITY:

Contributed Capital	6,536,316
Unreserved Fund	(701,579)
TOTAL FUND EQUITY	5,834,737
TOTAL LIABILITIES AND FUND EQUITY	\$6,106,610

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

Adams Metropolitan Housing Authority  
 Combined Statement of Revenue, Expenses and Change in Fund Equity  
 Proprietary Fund Type  
 Enterprise Fund  
 For the Year Ended September 30, 2003

<u>REVENUE</u>	
Tenant Rental Revenue	\$92,922
Program Grant/Subsidies	1,660,514
Interest	3,379
Other Income	<u>20,028</u>
 TOTAL REVENUE	 <u>1,776,843</u>
<u>EXPENSES</u>	
Administrative	413,518
Utilities	110,998
Maintenance	292,779
General	43,945
Housing Assistance Payments	852,329
Depreciation	<u>248,366</u>
 TOTAL EXPENSES	 <u>1,961,935</u>
OTHER FINANCING SOURCES (USES)	
Operating Transfer In	30,000
Operating Transfer Out	<u>(30,000)</u>
 TOTAL OTHER FINANCING SOURCES (USES)	 <u>0</u>
EXCESS (DEFICIENCY) OF TOTAL REVENUE OVER (UNDER) EXPENSES	 <u>(185,092)</u>
 Beginning Equity	 6,017,968
Prior Period Adjustments	<u>1,861</u>
 ENDING FUND EQUITY	 <u><u>\$5,834,737</u></u>

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

Adams Metropolitan Housing Authority  
 Combined Statement of Cash Flows  
 Proprietary Fund Type  
 Enterprise Fund  
 For the Year Ended September 30, 2003

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Cash received from grantor	\$1,823,510
Cash received from tenants	119,464
Cash paid for housing assistance	(852,329)
Cash paid to suppliers and employees	(971,889)
Net cash provided by operating activities	118,756

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Property and equipment purchased	(111,132)
Cash transfer from investments	30,000
Interest received	3,397
Net cash used by investing activities	(77,735)

Net Increase (Decrease) in Cash	41,021
Cash and cash equivalents - Beginning of Year	401,094

Cash and cash equivalents - End of Year	\$442,115
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**RECONCILIATION OF NET INCOME TO CASH PROVIDED BY OPERATING ACTIVITIES:**

Net income	(\$185,092)
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	248,366
Gain on disposal of assets	(9,500)
Change for allowance for doubtful accounts	(22,500)
(Increase) Decrease in accounts receivable	88,172
(Increase) Decrease in accrued interest receivable	18
(Increase) Decrease in prepaid expenses	(2,572)
(Increase) Decrease in inventory	(320)
Increase (Decrease) in accounts payable	(3,242)
Increase (Decrease) in accrued expenses	5,076
Increase (Decrease) in other liabilities	255
Increase (Decrease) in tenant security deposit	172
Increase (Decrease) in deferred revenue	(579)
Adjustment to Reconcile Cash Flows	502
Net cash provided by operating activities	\$118,756

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

ADAMS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2003

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

**Summary of Significant Accounting Policies**

The financial statements of the Adams 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 Adams 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. 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.

ADAMS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2003  
(CONTINUED)

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

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

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 HUD programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

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

**Proprietary Fund Types**

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

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

ADAMS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2003  
(CONTINUED)

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

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**

The provisions of the HUD Regulations restrict investments. Investments are valued at market value. Interest income earned in fiscal year ending September 30, 2003 totaled \$3,379.

**Fixed Assets**

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

**Cash and Cash Equivalents**

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

**Compensated Absences**

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

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: (1) the employees' rights to receive compensation are attributable to services already rendered and are not contingent on a specific event

ADAMS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2003  
(CONTINUED)

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

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. As of September 30, 2003 the liability consists of the following:

- Vacation Leave	\$31,003
- Sick Leave	\$27,069
- Compensation Leave	\$11,288

**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**

Deposits – The PHA deposits are categorized to give an indication of the level of risk assumed by the PHA at fiscal year end. The categories are described as follows:

Category 1 – Insured or collateralized with securities held by the PHA or by its agent in the PHA’s name.

Category 2 – Collateralized with securities held by the pledging financial institution’s trust department or agent in the PHA’s name.

Category 3 – Uncollateralized.

ADAMS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2003  
(CONTINUED)

**NOTE 2: CASH AND INVESTMENTS** (Continued)

Deposits, categorized by level of risk, are:

DESCRIPTION	BANK BALANCE	CATEGORY			CARRYING AMOUNT
		1	2	3	
Cash and Cash Equivalents	\$495,650	\$495,650	\$0	\$0	\$442,115
Total Deposits	\$495,650	\$495,650	\$0	\$0	\$442,115

The carrying amount of \$442,115 includes petty cash of \$200.

**NOTE 3: RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending September 30, 2003 the Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

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 4: FIXED ASSETS**

The following is a summary:

Land	\$379,202
Buildings	7,949,107
Furniture, Machinery and Equipment	315,372
Construction in Progress	97,901
Total Fixed Assets	<u>8,741,582</u>
Accumulated Depreciation	<u>(3,232,048)</u>
Net Fixed Assets	<u>\$5,509,534</u>

ADAMS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2003  
(CONTINUED)

**NOTE 4: FIXED ASSETS** (Continued)

The following is a summary of changes:

	<b>Balance 09/30/02</b>	<b>Adjust.</b>	<b>Additions</b>	<b>Deletion</b>	<b>Balance 09/30/03</b>
Land	\$379,202	\$0	\$0	\$0	\$379,202
Buildings	7,949,107	0	0	0	7,949,107
Furnt, Mach. and Equip.	300,978	0	54,139	39,745	315,372
Construction in Progress	40,908	0	56,993	0	97,901
<b>Total Fixed Assets</b>	<b>\$8,670,195</b>	<b>\$0</b>	<b>\$111,132</b>	<b>\$39,745</b>	<b>\$8,741,582</b>

The depreciation expense for the year ended September 30, 2003 was \$248,366.

**NOTE 5: DEFINED BENEFIT PENSION PLANS -PUBLIC EMPLOYEES  
RETIREMENT SYSTEM**

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

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The employer contribution rate was 13.55 percent of covered payroll. The Authority's required contributions to PERS for the years ended September 30, 2003, 2002 and 2001 were \$37,748, \$39,038, and \$41,671, respectively. The full amount has been contributed for 2002 and 2001. Ninety-five percent has been contributed for 2003, with the remainder being reported as a liability with the enterprise fund.

**NOTE 6: POSTEMPLOYMENT BENEFITS PUBLIC EMPLOYEES  
RETIREMENT SYSTEM**

The Public Employees Retirement System of Ohio (OPERS) provides post-employment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants.

ADAMS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2003  
(CONTINUED)

**NOTE 6: POSTEMPLOYMENT BENEFITS PUBLIC EMPLOYEES  
RETIREMENT SYSTEM** (Continued)

Health care coverage for disability recipients is also available. The health care coverage provided by the OPERS is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the OPERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund post-employment health care through their contributions to the OPERS. The portion of the 2002 employer contribution rate (identified above) that was used to fund health care for the year ended September 30, 2003 was 5.0 percent of covered payroll, which amounted to \$14,117. The significant actuarial assumptions and calculations relating to post-employment health care benefits were based on the OPERS' latest actuarial review performed as of December 31, 2001. 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 annually to reflect 25 percent of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2001 was 8.0 percent. An annual increase of 4.0 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 4.0 percent base increase, were assumed to range from 0.51 percent to 6.3 percent. Health care costs were assumed to increase 4.0 percent annually.

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 402,041. The actuarial value of the OPERS' net assets available for OPEB at December 31, 2001 was \$11.6 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$16.4 billion and \$4.8 billion, respectively.

**NOTE 7: PRIOR PERIOD ADJUSTMENTS**

The prior period adjustment of \$1,862 represent HUD adjustment to the Housing Choice Voucher Program for administration fee earned for the fiscal year ending September 30, 2003 and a \$1 rounding error in the Low Rent Program to make the financial statements balance.

ADAMS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2003  
(CONTINUED)

**NOTE 8: SCHEDULE OF EXPENDITURE OF FEDERAL AWARD**

The accompanying schedule of expenditure of federal award is a summary of the activity of the Authority's federal programs. This schedule has been prepared on the accrual basis of accounting.

Adams Metropolitan Housing Authority  
Combining Balance Sheet  
FDS Schedule Submitted To REAC  
Proprietary Fund Type – Enterprise Fund  
September 30, 2003

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
111	Cash – Unrestricted	\$251,722	\$181,554	\$0	\$433,276
113	Cash - Other Restricted	0	8,839	0	8,839
100	Total Cash	251,722	190,393	0	442,115
122	Accounts Receivable - HUD Other Projects	0	0	56,993	56,993
126	Accounts Receivable - Tenants - Dwelling Rents	13,292	0	0	13,292
126.1	Allowance for Doubtful Accounts - Dwelling Rents	(2,500)	0	0	(2,500)
128	Fraud Recovery	0	11,870	0	11,870
128.1	Allowance for Doubtful Accounts - Fraud	0	(3,000)	0	(3,000)
129	Accrued Interest Receivable	30	0	0	30
120	Total Receivables, net of allowances for doubtful accounts	10,822	8,870	56,993	76,685
142	Prepaid Expenses and Other Assets	20,963	0	0	20,963
143	Inventories	320	0	0	320
143.1	Allowance for Obsolete Inventories	0	0	0	0
144	Interprogram Due From	56,993	0	0	56,993
150	Total Current Assets	340,820	199,263	56,993	597,076

Adams Metropolitan Housing Authority  
Combining Balance Sheet  
FDS Schedule Submitted To REAC  
Proprietary Fund Type – Enterprise Fund  
September 30, 2003

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
161	Land	379,202	0	0	379,202
162	Buildings	7,949,107	0	0	7,949,107
163	Furniture, Equipment & Machinery – Dwellings	227,078	0	0	227,078
164	Furniture, Equipment & Machinery – Administration	42,019	46,275	0	88,294
165	Leasehold Improvements	0	0	0	0
166	Accumulated Depreciation	(3,218,354)	(13,694)	0	(3,232,048)
167	Construction In Progress	0	0	97,901	97,901
160	Total Fixed Assets, Net of Accumulated Depreciation	5,379,052	32,581	97,901	5,509,534
180	Total Non-Current Assets	5,379,052	32,581	97,901	5,509,534
190	Total Assets	5,719,872	231,844	154,894	6,106,610
312	Accounts Payable <= 90 Days	8,334	0	0	8,334
321	Accrued Wage/Payroll Taxes Payable	8,196	0	0	8,196
331	Accounts Payable – HUD PHA Programs	0	101,967	0	101,967
333	Accounts Payable – Other Government	4,107	0	0	4,107
341	Tenant Security Deposits	12,686	0	0	12,686

Adams Metropolitan Housing Authority  
Combining Balance Sheet  
FDS Schedule Submitted To REAC  
Proprietary Fund Type – Enterprise Fund  
September 30, 2003

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
342	Deferred Revenues	1,391	0	0	1,391
347	Interprogram Due To	0	0	56,993	56,993
310	Total Current Liabilities	34,714	101,967	56,993	193,674
354	Accrued Compensated Absences – Non Current	45,677	23,683	0	69,360
353	Noncurrent Liabilities – Other	0	8,839	0	8,839
350	Total Noncurrent Liabilities	45,677	32,522	0	78,199
300	Total Liabilities	80,391	134,489	56,993	271,873
504	Net HUD PHA Contributions	6,529,996	6,320	0	6,536,316
508	Total Contributed Capital	6,529,996	6,320	0	6,536,316
511	Total Reserved Fund Balance	0	0	0	0
512	Undesignated Fund Balance/Retained Earnings	(890,515)	91,035	97,901	(701,579)
513	Total Equity/Net Assets	5,639,481	97,355	97,901	5,834,737
600	Total Liabilities and Equity/Net Assets	\$5,719,872	\$231,844	\$154,894	\$6,106,610

Adams Metropolitan Housing Authority  
Combining Statement of Revenue, Expenses and Change in Fund Equity  
FDS Schedule Submitted To REAC  
Proprietary Fund Type – Enterprise Fund  
September 30, 2003

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
703	Net Tenant Rental Revenue	\$79,327	\$0	\$0	\$79,327
704	Tenant Revenue – Other	13,595	0	0	13,595
705	Total Tenant Revenue	92,922	0	0	92,922
706	HUD PHA Operating Grants	496,049	1,034,687	72,785	1,603,521
706.1	HUD PHA Capital Grants	0	0	56,993	56,993
711	Investment Income – Unrestricted	3,132	247	0	3,379
714	Fraud Recovery	0	10,280	0	10,280
715	Other Revenue	248	0	0	248
716	Gain/Loss on Sale of Fixed Assets	6,000	3,500	0	9,500
700	Total Revenue	598,351	1,048,714	129,778	1,776,843
911	Administrative Salaries	81,650	95,123	0	176,773
912	Auditing Fees	2,463	2,882	0	5,345
914	Compensated Absences	15,120	1,243	0	16,363
915	Employee Benefit Contributions – Administrative	61,552	43,229	0	104,781
916	Other Operating – Administrative	44,609	22,862	42,785	110,256
931	Water	89,737	0	0	89,737
932	Electricity	18,650	0	0	18,650
933	Gas	2,611	0	0	2,611

Adams Metropolitan Housing Authority  
Combining Statement of Revenue, Expenses and Change in Fund Equity  
FDS Schedule Submitted To REAC  
Proprietary Fund Type – Enterprise Fund  
September 30, 2003

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
941	Ordinary Maintenance and Operations – Labor	101,811	0	0	101,811
942	Ordinary Maintenance and Operations – Materials and Other	53,899	0	0	53,899
943	Ordinary Maintenance and Operations – Contract Costs	60,318	0	0	60,318
945	Employee Benefit Contributions – Ordinary Maintenance	76,751	0	0	76,751
961	Insurance Premiums	27,473	4,894	0	32,367
964	Bad Debt – Tenant Rents	11,578	0	0	11,578
969	Total Operating Expenses	648,222	170,233	42,785	861,240
970	Excess Operating Revenue over Operating Expenses	(49,871)	878,481	86,993	915,603
973	Housing Assistance Payments	0	852,329	0	852,329
974	Depreciation Expense	244,345	4,021	0	248,366
900	Total Expenses	892,567	1,026,583	42,785	1,961,935
1001	Operating Transfers In	30,000	0	0	30,000
1002	Operating Transfers Out	0	0	(30,000)	(30,000)
1010	Total Other Financing Sources (Uses)	30,000	0	(30,000)	0

Adams Metropolitan Housing Authority  
Combining Statement of Revenue, Expenses and Change in Fund Equity  
FDS Schedule Submitted To REAC  
Proprietary Fund Type – Enterprise Fund  
September 30, 2003

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	(264,216)	22,131	56,993	(185,092)
1103	Beginning Equity	5,903,698	73,362	40,908	6,017,968
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	(1)	1,862	0	1,861
	Ending Equity	\$5,639,481	\$97,355	\$97,901	\$5,834,737
1113	Maximum Annual Contributions Commitment (Per ACC)	\$0	\$986,443	\$0	\$986,443
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	0	0	0	0
1115	Contingency Reserve, ACC Program Reserve	0	179,720	0	179,720
1116	Total Annual Contributions Available	\$0	\$1,166,163	\$0	\$1,166,163
1120	Unit Months Available	1,680	3,456	0	5,136
1121	Number of Unit Months Leased	1,478	3,332	0	4,810

Adams Metropolitan Housing Authority  
 Schedule of Expenditures of Federal Award  
 For the Year Ended September 30, 2003

<b>FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES</b>	<b>CFDA NUMBER</b>	<b>EXPENDITURES</b>
U.S. Department of Housing and Urban Development Direct Program		
Low Rent Public Housing	14.850	\$496,049
Housing Choice Vouchers	14.871	1,034,687
Public Housing Capital Fund Program	14.872	<u>129,778</u>
<b>TOTAL EXPENDITURE OF FEDERAL AWARD</b>		<b><u><u>\$1,660,514</u></u></b>



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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  
Adams Metropolitan Housing Authority

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

I have audited the general purpose financial statements of the Adams Metropolitan Housing Authority, Ohio, as of and for the year ended September 30, 2003, and have issued my report thereon dated April 2, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United State of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

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

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered Adams Metropolitan Housing Authority, Ohio's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal component does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation the financial statements being auditing may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses. However, I noted other matters involving the internal control over financial reporting that I have reported to management of the Adams Metropolitan Housing Authority, Ohio, in a separate letter dated April 3, 2004.

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

*Salvatore Consiglio*

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Salvatore Consiglio, CPA, Inc.

April 2, 2004



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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  
Adams Metropolitan Housing Authority

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

**Compliance**

I have audited the compliance of the Adams Metropolitan Housing Authority, Ohio, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended September 30, 2003. Adams Metropolitan Housing Authority, Ohio major federal programs are identified in the Summary of Auditor's result section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Adams Metropolitan Housing Authority, Ohio's management. My responsibility is to express an opinion on Adams Metropolitan Housing Authority, Ohio's compliance based on my audit.

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

In my opinion, Adams Metropolitan Housing Authority, Ohio, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2003.

**Internal Control Over Compliance**

The management of Adams Metropolitan Housing Authority, Ohio is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I

considered Adams Metropolitan Housing Authority, Ohio's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

This report is intended for the information of the Board of Directors, management, and federal awarding agencies and is not intended to be and should not be used by anyone other than those specified parties.



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Salvatore Consiglio, CPA, Inc.

April 2, 2004

Adams Metropolitan Housing Authority  
 Schedule of Findings and Questioned Costs  
 OMB Circular A-133 § .505  
 September 30, 2003

1. SUMMARY OF AUDITOR'S RESULTS
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Type of Financial Statement Opinion	Unqualified
Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
Were there any material internal control weakness conditions reported for major federal programs?	No
Were there any other reportable internal control weakness conditions reported for major federal programs?	No
Type of Major Programs' Compliance Opinion	Unqualified
Are there any reportable findings under § .510?	No
Major Programs (list):	CFDA # 14.871 - Housing Choice Voucher
Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All Others
Low Risk Auditee?	Yes

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
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There are no Findings or questioned costs for the year ended September 30, 2003.

3. FINDINGS REALTED TO FEDERAL AWARDS
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There are no Findings or questioned costs for the year ended September 30, 2003.

Adams Metropolitan Housing Authority  
 Schedule of Prior Audit Findings  
 September 30, 2003

The following are the status of the September 30, 2002 audit findings.

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
GAGAS-2002-1	PERS Pick-up	No	<b>Not Corrected.</b> The PHA requested its Software provider to make correction to the payroll program. PHA will not be able to resolve finding until provider makes changes in the payroll software.
GAGAS-2002-2	Property Management	Yes	Finding no longer valid.



**Auditor of State  
Betty Montgomery**

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**ADAMS METROPOLITAN HOUSING AUTHORITY**

**ADAMS 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  
JULY 6, 2004**