

Medina Metropolitan Housing Authority

Financial Statements

For the Year Ended June 30, 2005





**Auditor of State  
Betty Montgomery**

Board of Directors  
Medina Metropolitan Housing Authority  
850 Walter Road  
Medina, Ohio 44256-1515

We have reviewed the *Independent Auditor's Report* of the Medina Metropolitan Housing Authority, Medina County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period July 1, 2004 through June 30, 2005. 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 Medina 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

May 2, 2006

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MEDINA METROPOLITAN HOUSING AUTHORITY  
AUDIT REPORT  
FOR THE YEAR ENDED JUNE 30, 2005

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## Independent Auditors' Report

Board of Directors  
Medina Metropolitan Housing Authority

I have audited the accompanying financial statements of the business-type activities of Medina Metropolitan Housing Authority, Ohio, as of and for the year ended June 30, 2005, which collectively comprise the Authority basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Medina Metropolitan Housing Authority, Ohio, management. My responsibility is to express an opinion on these basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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 financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Medina Metropolitan Housing Authority, Ohio, as of June 30, 2005, and the respective change in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated September 29, 2005, on my consideration of the Medina 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 agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. 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.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United State of America. I have applied certain limited procedures, which consisted principally of inquiry of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion thereon.

My Audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Medina Metropolitan Housing Authority basic financial statements. The accompanying Schedule of Expenditure 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 financial statements. The combining financial data schedule ("FDS") and the PHA statement and certification of actual costs are presented for purposes additional analysis as required by the Department of Housing and Urban Development and is not a required part of the basic 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.



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Salvatore Consiglio, CPA, Inc.

September 29, 2005

**MEDINA METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT’S DISCUSSION AND ANALYSIS**

**June 30, 2005**

**UNAUDITED**

Medina Metropolitan Housing Authority’s (“the Authority”) Management’s Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority’s financial activity, (c) identify changes in the Authority’s financial position, and (d) identify individual fund issues or concerns.

Since the Management’s Discussion and Analysis (MD&A) is designed to focus on the current year’s activities, resulting changes, and currently known facts, please read it in conjunction with the Authority’s financial statements (beginning on page 12)

**Financial Highlights**

- The Authority’s net assets decreased by \$13,723 during 2005. Net Assets were \$8,384,699 and \$8,398,422 for 2005 and 2004 respectively.
- Revenues increased by \$269,101 during 2005, and were \$5,578,319 and \$5,309,218 for 2005 and 2004 respectively.
- The total expenses of all Authority programs increased by \$448,262. Total expenses were \$5,592,042 and \$5,143,780 for 2005 and 2004 respectively.

**Overview of the Financial Statements**

The Authority is a special purpose governmental entity and accounts for its financial activities as an enterprise fund. The financial statements are prepared on the accrual basis of accounting. Therefore, revenues are recognized when earned and expenses are recognized when incurred. Capital assets are capitalized and depreciated, except for land, over their useful lives. See notes to the financial statements for a summary of the Authority’s significant accounting policies and practices.

**USING THIS REPORT**

The Report includes three major sections, the “Management’s Discussion and Analysis (MD&A),” “Basic Financial Statements,” and “Other Required Supplementary Information”:

The primary focus of the Authority’s financial statement is on the Authority as a whole (Authority-wide).

**MEDINA METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT’S DISCUSSION AND ANALYSIS**

**June 30, 2005**

**UNAUDITED**

**Authority-Wide Financial Statements**

The Authority-wide financial statements (see pgs n-nn) are designed to be corporate-like in that all business type activities are consolidated into columns which add to a total for the entire Authority.

These Statements include a Statement of Net Assets, which is similar to a Balance Sheet. The Statement of Net Assets reports all financial and capital resources for the Authority. The statement is presented in the format where assets, minus liabilities, equal “Net Assets,” formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as “Current” (convertible into cash within one year), and “Non-current.”

The focus of the Statement of Net Assets (the “Unrestricted Net Assets”) is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Assets (formerly equity) are reported in three broad categories:

*Net Assets, Invested in Capital Assets, Net of Related Debt:* This component of Net Assets consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted Net Assets:* This component of Net Assets consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, the Authority’s Board of Commissioners, etc.

*Unrestricted Net Assets:* Consists of Net Assets that do not meet the definition of “Net Assets Invested in Capital Assets, Net of Related Debt”, or “Restricted Net Assets”.

The Authority-wide financial statements also include a Statement of Revenues, Expenses and Changes in Fund Net Assets (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, and maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as grant revenue, investment income and interest expense.

The focus of the Statement of Revenues, Expenses and Changes in Fund Net Assets is the “Change in Net Assets,” which is similar to Net Income or Loss.

**MEDINA METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2005**

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Finally, a Statement of Cash Flows is included which discloses net cash provided by, or used for, operating activities, non-capital financing activities, and from capital and related financing activities.

**THE AUTHORITY'S PROGRAMS**

Conventional Public Housing – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income.

Capital Fund Program – The Capital Fund Program is the primary funding source for physical and management improvements to the Authority's property. Separate ACC's are executed for this annual allotment of funding. Modernization affected under this grant included renovated apartments, improved energy efficiencies, and updated common spaces at the Authority owned property.

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own rental property for use by eligible families. The Authority subsidizes the families' rent through a monthly Housing Assistance Payment (HAP) made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure contracts that set the families' rent at 30% of household income.

Section 8 New Construction – Union Square Apartments is a privately owned and operated multi-family property funded by HUD through the Section 8 New Construction Program. The Authority receives fee income to serve as the Contract Administrator on behalf of HUD. A separate ACC is executed for this program.

Business Activities – This represents non-HUD resources developed from a variety of activities. These include:

State/Local – The Authority manages two properties under a management agreement with the Medina County Alcohol, Drug Addiction, and Mental Health (ADAMH) Board (Washington Place and Northland Place). The Authority also administers the State of Ohio Department of Mental Health (ODMH) HAP program in Medina County. This is also done in conjunction with the Medina

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MANAGEMENT'S DISCUSSION AND ANALYSIS**

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County ADAMH Board. These had been reported in previous years in their own State/Local category. Because the benefit of managing the properties inures to the Authority, it was decided a more correct presentation would be to report the State/Local activity as part of the Authority's Business Activities.

*State of Ohio Housing Trust Fund* – The Authority also administered emergency housing assistance grants with funding from the Ohio Housing Trust Fund. This emergency housing assistance program was managed as part of a service contract with the Medina County ADAMH Board.

*Service Contracts* – The Authority provides a variety of services for contracts with different entities; those entities include the Wadsworth Housing Development Corporation (WHDC), the Brunswick Housing Development Corporation (BHDC), and the Brunswick Apartments Limited Partnership (BALP). The fee income and operating expenses for those services is noted in the Statement of Revenues, Expenses, and Changes in Net Assets.

*Interest Income* – The Authority manages its surplus cash in compliance with HUD and State guidelines. The interest income derived from the investment of surplus cash is also invested.

**AUTHORITY-WIDE STATEMENTS**

The following table reflects the condensed Statement of Net Assets compared to the prior year. The Authority is engaged only in Business-Type Activities.

**MEDINA METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2005**

**UNAUDITED**

**Table 1 - Condensed Statement of Net Assets Compared to Prior Year**

	<u><b>2005</b></u>	<b>RESTATED</b> <u><b>2004</b></u>
Current and Other Non-current Assets	\$ 7,266,135	\$ 7,342,303
Capital Assets	<u>1,636,279</u>	<u>1,546,076</u>
Total Assets	<u><u>\$ 8,902,414</u></u>	<u><u>\$ 8,888,379</u></u>
Current Liabilities	\$ 336,826	\$ 283,747
Noncurrent Liabilities	<u>180,889</u>	<u>206,210</u>
Total Liabilities	<u><u>517,715</u></u>	<u><u>489,957</u></u>
Net Assets:		
Investment in Capital Assets, net of Related Debt	1,636,279	1,546,076
Restricted Net Assets	1,092,362	1,231,442
Unrestricted Net Assets	<u>5,656,058</u>	<u>5,620,904</u>
Total Net Assets	<u><u>8,384,699</u></u>	<u><u>8,398,422</u></u>
Total Liabilities and Net Assets	<u><u>\$ 8,902,414</u></u>	<u><u>\$ 8,888,379</u></u>

For more detail information see Statement of Net Assets presented elsewhere in this report.

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**Major Factors Affecting the Statement of Net Assets**

Current and non-current assets decreased \$76,168 from 2004 to 2005 due to lower overall receivables partially offset by an increase in cash and FSS Escrow investments.

Total liabilities increased by \$27,758 with fluctuations in a variety of liabilities, both current and noncurrent.

Capital assets net of accumulated depreciation increased \$90,203 due to current year additions which included the purchase of three vehicles.

**MEDINA METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2005**

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Table 2 presents details on the change in Unrestricted Net Assets

**Table 2 - Changes of Unrestricted Net Assets**

Beginning Balance (Restated) - June 30, 2004	\$	5,620,904
Results of Operation		(13,723)
Adjustments:		
Current year Depreciation Expense (1)		112,912
Capital Expenditure (2)		(203,115)
Capital Contribution		100,574
Release from Restricted Net Assets		<u>38,506</u>
Ending Balance - June 30, 2005	\$	<u><u>5,656,058</u></u>

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Assets provides a clearer change in financial well-being.

The following table reflects the condensed Statement of Revenues, Expenses and Changes in Net Assets compared to prior year.

**Table 3 - Statement of Revenue, Expenses & Changes in Net Assets**

	<u>2005</u>	<b>RESTATED</b> <u>2004</u>
<b><u>Revenues</u></b>		
Total Tenant Revenues	\$ 1,316,858	\$ 1,262,559
Governmental Operating Grants	3,760,786	3,684,838
Capital Grants	100,574	67,165
Investment Income	170,855	129,752
Other Revenues	<u>229,246</u>	<u>164,904</u>
<b>Total Revenues</b>	<u><b>5,578,319</b></u>	<u><b>5,309,218</b></u>

**MEDINA METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2005**

**UNAUDITED**

**Table 3 - Statement of Revenue, Expenses & Changes in Net Assets (Continued)**

<u>Expenses</u>	<u>2005</u>	<b>RESTATED</b> <u>2004</u>
Administrative	1,421,599	1,149,115
Utilities	248,775	240,858
Maintenance	430,932	376,847
General Expenses	126,045	108,395
Housing Assistance Payments	3,251,779	3,166,025
Depreciation	<u>112,912</u>	<u>102,540</u>
<b>Total Expenses</b>	<b><u>5,592,042</u></b>	<b><u>5,143,780</u></b>
<b>Net Increases (Decreases)</b>	<b>\$ <u>(13,723)</u></b>	<b>\$ <u>165,438</u></b>

**Major Factors Affecting the Statement of Revenue, Expenses and Changes in Net Assets**

Total revenue increased \$269,101 with increases in all revenue categories. The largest increases were in other revenues and fees, followed by HAP payments in the Housing Choice Voucher Program and an increase in Tenant Rental Revenue.

Total expenses increased \$448,262. The majority of increases were in administrative costs and salaries, other increases were seen in Housing Assistance Payments and maintenance materials costs.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of year end, the Authority had \$1,636,279 invested in a variety of capital assets as reflected in the following schedule, which represents a net increase (additions, deductions and depreciation) of \$90,203 from the end of last year.

**MEDINA METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2005**

**UNAUDITED**

**Table 4 - Condensed Statement of Changes in Capital Assets**

	<u><b>2005</b></u>	<u><b>2004</b></u>
Buildings	\$ 2,917,085	\$ 2,796,314
Equipment - Administration	369,611	279,154
Equipment - Dwelling	98,779	98,779
Leasehold Improvements	17,364	17,364
Construction in Progress	276,357	284,470
Accumulated Depreciation	(2,042,917)	(1,930,005)
Total	<u>\$ 1,636,279</u>	<u>\$ 1,546,076</u>

The following reconciliation summarizes the change in Capital Assets, which is presented in detail in Table 4 above.

**Table 5 - Changes in Capital Assets**

Beginning Balance - June 30, 2004	\$ 1,546,076
Current year Additions	203,115
Current year Depreciation Expense	(112,912)
Beginning Balance - June 30, 2005	<u>\$ 1,636,279</u>

Current year Additions are summarized as follows:

- Purchase of Dump Truck	\$ 24,186
- Purchase of Station Wagon	12,990
- Purchase of SUV	34,643
- Current Year Construction in Progress	112,658
- Upgrade of Phone System	3,362
- Purchase of Office Furniture and Computers	15,276
Total 2005 Additions	<u>\$ 203,115</u>

**MEDINA METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2005**

**UNAUDITED**

**Debt Outstanding**

As of year-end, the Authority had no debt outstanding.

**ECONOMIC FACTORS**

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income and the overall costs associated with the Section 8 Housing Choice Voucher Program
- Inflationary pressure on utility rates, supplies and other costs

**FINANCIAL CONTACT**

The individual to be contacted regarding this report is Tom Czech, Finance Director of the Medina Metropolitan Housing Authority. Specific requests may be submitted to Mr. Czech's attention at 850 Walter Road; Medina, Ohio 44256-1515 or [tom@mmha.org](mailto:tom@mmha.org). His telephone number is 330-725-7531, extension 236.

**Medina Metropolitan Housing Authority**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2005**

***ASSETS***

**Current assets**

Cash and cash equivalents	\$1,146,794
Restricted cash and cash equivalents	1,341,209
Receivables, net	467,757
Prepaid expenses and other assets	37,874
<b>Total current assets</b>	<b><u>2,993,634</u></b>

**Noncurrent assets**

Capital assets:	
Building and equipment	3,402,839
Construction in Progress	276,357
Less accumulated depreciation	<u>(2,042,917)</u>
Capital assets, net	1,636,279
Other noncurrent assets	<u>4,272,501</u>
<b>Total noncurrent assets</b>	<b><u>5,908,780</u></b>
<b>Total assets</b>	<b><u><u>\$8,902,414</u></u></b>

***LIABILITIES***

**Current liabilities**

Accounts payable	\$155,559
Accrued liabilities	50,429
Intergovernmental payables	19,123
Tenant security deposits	67,958
Deferred revenue	<u>43,757</u>
<b>Total current liabilities</b>	<b><u>336,826</u></b>

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

**Medina Metropolitan Housing Authority**  
**Statement of Net Assets - Continued**  
**Proprietary Funds**  
**June 30, 2005**

**Noncurrent liabilities**

Noncurrent liabilities - other	180,889
<b>Total noncurrent liabilities</b>	<b>180,889</b>
<b>Total liabilities</b>	<b>\$517,715</b>

**NET ASSETS**

Invested in capital assets, net of related debt	\$1,636,279
Restricted net assets	1,092,362
Unrestricted net assets	5,656,058
<b>Total net assets</b>	<b>\$8,384,699</b>

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

**Medina Metropolitan Housing Authority**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended June 30, 2005**

***OPERATING REVENUES***

Tenant Revenue	\$1,316,858
Government operating grants	3,760,786
Other revenue	229,246
<b>Total operating revenues</b>	<b><u>5,306,890</u></b>

***OPERATING EXPENSES***

Administrative	1,421,599
Utilities	248,775
Maintenance	430,932
General	126,045
Housing assistance payment	3,251,779
Depreciation	112,912
<b>Total operating expenses</b>	<b><u>5,592,042</u></b>
<b>Operating income (loss)</b>	<b><u>(285,152)</u></b>

***NONOPERATING REVENUES (EXPENSES)***

Interest and investment revenue	<u>170,855</u>
<b>Total nonoperating revenues (expenses)</b>	<b><u>170,855</u></b>
Income (loss) before contributions and transfers	(114,297)

Capital grants	<u>100,574</u>
Change in net assets	(13,723)
Total net assets - beginning (Restated)	<u>8,398,422</u>
<b>Total net assets - ending</b>	<b><u><u>\$8,384,699</u></u></b>

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

**Medina Metropolitan Housing Authority**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2005**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Operating grants received	\$3,791,817
Tenant revenue received	1,328,021
Other revenue received	229,246
General and administrative expenses paid	(1,853,893)
Housing assistance payments	<u>(3,251,779)</u>

Net cash provided (used) by operating activities	<u>243,412</u>
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**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest and investment revenue	<u>170,855</u>
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Net cash provided (used) by investing activities	<u>170,855</u>
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**CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES**

Capital grant funds received	100,574
Property and equipment purchased	<u>(203,115)</u>

Net cash provided (used) by capital and related activities	<u>(102,541)</u>
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Net increase (decrease) in cash	311,726
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Cash and cash equivalents - Beginning of year Restated	<u>2,176,277</u>
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Cash and cash equivalents - End of year	<u><u>\$2,488,003</u></u>
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The accompanying notes to the basic financial statements are an integral part of these statements.

**Medina Metropolitan Housing Authority**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**For the Year Ended June 30, 2005**

**RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

Net Operating Income (Loss)	(\$285,152)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities	
- Depreciation	112,912
(Increases) Decreases in:	
- Accounts Receivables, net of allowance	444,143
- Prepaid Assets	(1,064)
- Other noncurrent assets	(55,185)
Increases (Decreases) in:	
- Accounts Payable	25,606
- Intergovernmental Payable	(10,946)
- Accrued Liabilities Payable	4,473
- Deferred Revenue	34,391
- Tenant Security Deposits	(445)
- Noncurrent Liabilities Other (FSS Escrow Payable)	(25,321)
	(25,321)
Net cash provided by operating activities	\$243,412

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

**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Medina Metropolitan Housing Authority (the Authority) is a political subdivision of the State of Ohio, created under Section 3735.27 of the Ohio Revised Code. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide safe and sanitary housing for people in low to moderate income brackets, through rent subsidies provided by HUD.

**Description of programs**

The following are the various programs which are included in the single enterprise fund:

**A. Public Housing Program**

The public housing program is designed to provide low-cost housing within the County. Under this program, HUD provides funding via an annual contribution contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the program.

**B. Capital Fund Program**

The capital fund program provides funds annually, via a formula, to Public Housing Agencies for capital and management activities, including modernization and development of housing.

**C. Housing Choice Voucher Program**

The Housing Choice Voucher Program was authorized by Section 8 of the National Housing Act and provides housing assistance payments to private, not-for-profit or public landlords to subsidize rentals for low-income persons.

**D. Section 8 New Construction Program**

The Authority administers a Housing Assistance Payments contract on behalf of HUD through which HUD subsidizes the rents of low to moderate-income families when those families rent from a private landlord. That rental assistance is provided similarly to how it is under the Housing Choice Voucher program except the rental assistance is tied to the dwelling units, and the assistance is provided to the families renting those units selected by HUD.

**E. Business Activity**

The Business Activity Program was set-up to separate the HUD funded program with non-HUD activities. This program is used to account for the financial activities for the various properties managed by the Authority that are separate from annual contribution contracts with HUD.

**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fund Accounting/Financial Reporting Entity**

The Authority's basic financial statements consist of a statement of net assets, statement of revenue, expenses and changes net assets, and a statement of cash flows. It uses the proprietary fund to report on its financial position and the results of its operations for its 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 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 after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

**Budgets and Budgetary Accounting**

The Authority is required by contractual agreements to adopt annual, appropriated operating budgets for its Enterprise Funds receiving federal expenditure awards. All budgets are prepared on a HUD basis, which is materially consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year end. The Board of Commissioners adopts the budget through passage of a budget resolution.

**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Accounting and Reporting for Non-exchange Transactions**

The Authority accounts for non-exchange transactions in accordance with Governmental Accounting Standards Board (GASB) Statement No. 33, Accounting and Financial Reporting for Non-exchange Transactions. Non-exchange transactions occur when the Authority receives (or gives) value without directly giving (or receiving) equal value in return.

In conformity with the requirements of GASB 33, the Authority has recognized grant funds expended for capitalizable capital assets acquired after June 30, 2000 as revenues and the related depreciation thereon, as expenses in the accompanying Combined Statement of Revenue and Expenses.

**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 statement of net assets date by those employees who currently are eligible to receive termination payments. To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. All employees who meet the termination policy of the Authority for years of service are included in the calculation of the compensated absences accrual amount.

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees, if both of the following conditions are met:

The employees' rights to receive compensation are attributable to services already rendered and are not contingent on a specific event that is outside the control of the employer and employee.

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.

**Cash and Cash Equivalents**

Cash and cash equivalents includes all cash balances and highly liquid investments with a maturity of three months or less. The Authority places its temporary cash investments with high credit quality financial institutions. Amounts in excess of FDIC insurance limits are fully collateralized.

**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Restricted Cash and Investments**

Restricted cash and investments represent tenant security deposits and deposits held in escrow for families participating in the Family Self Sufficiency Program as required by the HUD to be held in separate bank accounts.

Also, restricted cash includes money required by the lease agreement with Brunswick Housing Development Corporation and Wadsworth Housing Development Corporation to be kept in separate restricted bank accounts that can only be used for specific purposes:

Reserves for Replacements- Money set a side each month to cover the cost for property repairs and replacements.

Surplus Fund- The surplus fund is primarily for the purpose of covering any deficiencies the other various reserve accounts suffer. If no deficiencies exist, the balance in the surplus fund may be used for any purpose with the agreement of both parties to the lease.

Taxes and Insurance Fund- Funds set a side to cover the cost of taxes and insurance.

**Property and Equipment**

Property and equipment is stated at cost. Renewals and betterments are capitalized. The capitalization policy of the Authority is to depreciate all non-expendable personal property having a useful life of more than one year and purchase price of \$1,000 or more per unit. The costs of maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

Land improvements	20 years
Buildings and building improvements	40 years
Furniture, equipment and machinery	5 years
Leasehold improvements	20 years

**Use of Estimates**

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Actual results could vary from those estimates.

**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets – net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are recorded as restricted when there are limitations imposed on their use by internal or external restrictions.

**Income Taxes**

No provision for income taxes is recorded as the Authority is a non-profit, tax exempt entity under the Internal Revenue Code.

**Operating Revenues and Expenses**

Operating revenues and expenses are those revenues that are generated directly from the primary activities of the proprietary fund and expenses incurred for the day to day operation. For the Authority, operating revenues are tenant rent charges, operating subsidy from HUD and other miscellaneous revenue.

**Capital Contributions**

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

**NOTE 2 – DEPOSIT 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, 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

**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005**

**NOTE 2 – DEPOSIT AND INVESTMENTS (Continued)**

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).

**Deposits** - At year-end, the carrying amount of the Authority’s deposits was \$2,488,003 and the depositories balance was \$2,493,887. The difference represents outstanding checks and deposits in transit. Of the bank balance, \$125,000 was covered by Federal depository insurance.

The Authority’s deposits 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>
1	Cash and Cash Equivalent	\$1,121,514	\$1,127,304
3	Repurchase Agreements	474,906	475,000
3	Money Market Accounts	891,583	891,583
	Total	\$2,488,003	\$2,493,887

**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005**

**NOTE 2 – DEPOSIT AND INVESTMENTS (Continued)**

Reconciliation of cash and investments as shown on the balance sheet follows:

Carrying Amount - Cash and Cash Equivalent	\$1,143,307
Carrying Amount – Restricted Cash and Cash Equivalent	<u>1,344,696</u>
Total	<u><u>\$2,488,003</u></u>

**NOTE 3 – RELATED PARTY TRANSACTIONS**

The Wadsworth Housing Development Corporation (WHDC) and the Brunswick Housing Development Corporation (BHDC) are both non-profit corporations under the internal revenue service ruling 501(c) (3). Both entities operate autonomously and each is governed by its own separate Board of Directors (independent of the MMHA). WHDC owns Wadsworth Tower, a federally-assisted, elderly housing complex located in Wadsworth, Ohio. BHDC is a general partner in Brunswick Apartments Limited Partnership (BALP), which owns Southwick Place. The BHDC also owns Jefferson Place, New Manhattan Place and Home Place. Southwick Place, Jefferson Place and New Manhattan Place are all affordable housing complexes located in Medina County, Ohio. Home Place is a combination of leased to own and scattered site-rental single family units located in Medina County. Medina Metropolitan Housing Authority has entered into a lease agreement with both not-profit corporations to manage the operation of the apartment complexes for which in return the Authority receives all revenues associated with the operation of the projects and is responsible for all expenses related thereto. The not-profit corporations retain ownership to the properties and are responsible for the debt associated with the buildings. The repayment of the debt is made by Medina Metropolitan Housing Authority from the rental revenue collected during the fiscal year. The current year activities of these apartment complexes have been reported in the financial statements of Medina Metropolitan Housing Authority as Business Activities.

Medina Metropolitan Housing Authority has several loans outstanding with Brunswick Housing Development Corporation. The details of these loans are listed in footnote 4, below.

**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005**

**NOTE 4 – NOTES RECEIVABLE – RELATED ENTITIES**

Notes receivable – related entities consists of the following as of June 30, 2005:

<b>Brunswick Apartments Limited Partnership (BALP):</b> Mortgage note receivable from Brunswick Apartment limited Partnership with interest at 4% per annum, to be received by the Authority as the income and cash flow of BALP permits, with the entire remaining outstanding balance payable to the Authority on May 20, 2009; secured by an open end Mortgage on Southwick Place property.	\$2,520,682
<b>Brunswick Housing Development Corporation (BHDC):</b> Mortgage note receivable Brunswick Housing Development Corporation with interest at 2% per annum; payable in monthly installments of \$5,040 through February 2014; secured by new Manhattan Place property.	1,318,700
<b>Brunswick Housing Development Corporation (BHDC):</b> Mortgage note receivable Brunswick Housing Development Corporation with interest at 2% per annum; payable in monthly installments of \$1,338 through February 2014; secured by new Jefferson Place.	350,161
<b>Brunswick Housing Development Corporation (BHDC):</b> Mortgage note receivable Brunswick Housing Development Corporation with interest at 2% per annum; payable in monthly installments of \$83 through February 2014; secured by 515 Bronson property.	50,000
<b>Brunswick Housing Development Corporation (BHDC):</b> Note receivable from Brunswick Housing Development Corporation with interest at 2% per annum; payable in monthly installments of \$122 through February 2014 with a balloon payment of \$20,080.	32,958
Total Note Receivable	\$4,272,501

**NOTE 5 – CONSTRUCTION IN PROGRESS**

The Construction in Progress account balance, which totaled \$276,357 at June 30, 2005, consists of several projects to modernize apartments, renovate various common use areas, and replace equipment, machinery and appliances. There is no significant outstanding construction commitments associated with these projects as of June 30, 2005.

**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005**

**NOTE 6 – INSURANCE COVERAGE**

As of June 30, 2005, the Authority had general liability insurance limits of \$6,000,000 (each occurrence) with no annual aggregate; director and officer liability coverage of \$6,000,000 per loss and in the aggregate; vehicle liability coverage of \$6,000,000; and commercial property coverage of \$6,000,000 per occurrence, blanket limit, and \$35,000,000 excess limit which is subject to declared property values.

Insurance settlements have not exceeded available coverage limits during each of the years ended June 30, 2005, 2004 and 2003.

**NOTE 7 – DEFINED BENEFIT PENSION PLAN**

All full-time employees of Authority participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. OPERS provide basic retirement, disability and survivor benefits, based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. OPERS issue a publicly available financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or (800) 222-PERS.

Ohio Public Employees Retirement System administers three separate pension plans as described below:

1. The Traditional Pension Plan – A cost sharing, multiple-employer defined benefit pension plan.
2. The Member-Direct Plan – A defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Direct Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions, plus any investment earnings.
3. The Combined Plan – A cost sharing, multiple-employer defined pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefits similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005**

**NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)**

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The 2005 employer pension contribution rate for Authority was 13.55 percent. Contributions are authorized by state statute. The contribution rates are determined actuarially. The Authority's contribution for the years ended June 30, 2005, 2004, and 2003 amounted to \$81,241, \$63,424, and \$53,830. All required contributions have been paid.

**NOTE 8 – POSTEMPLOYMENT BENEFITS**

The Public Employees Retirement System of Ohio (OPERS) provides post-employment health care benefits to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is also available. The health care coverage provided by the 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 2005 employer contribution rate (identified above) that was used to fund health care for the year ended June 30, 2005 was 4.0 percent of covered payroll, which amounted to \$23,941. 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, 2004. 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 2004 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 0.50 percent to 6.3 percent. Health care costs were assumed to increase at a projected wage inflation rate plus an additional factor ranging from 1% to 6% for the next 8 years. In subsequent years (9 and beyond), health care costs were assumed to increase at 4% (the projected wage inflation rate).

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 376,109. The actuarial value of the OPERS' net assets available for OPEB at December 31, 2004 was \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$29.5 billion and \$18.7 billion, respectively.

**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005**

**NOTE 9: TENANT ACCOUNT RECEIVABLES**

As of June 30, 2005, tenant account receivable is shown net of an allowance for doubtful accounts of \$6,060.

**NOTE 10: CAPITAL ASSETS**

The following is a summary of Capital assets:

Land, building and improvements	\$2,917,085
Furniture, Machinery and Equipment	468,390
Leasehold Improvement	17,364
Construction in Progress	<u>276,357</u>
Total Capital assets	3,679,196
Accumulated Depreciation	<u>(2,042,917)</u>
Net Capital assets	<u>\$1,636,279</u>

The following is a summary of changes:

	<b>Balance</b>				<b>Balance</b>
	<b>07/01/04</b>	<b>Adjust.</b>	<b>Additions</b>	<b>Deletion</b>	<b>06/30/05</b>
Land, building & imprv	\$2,796,314	\$120,771	\$0	\$0	\$2,917,085
Furnt, Mach. And Equip.	377,933	0	90,457	0	468,390
Leasehold Improvement	17,364	0	0	0	17,364
Construction in Progress	284,470	(120,771)	112,658	0	276,357
Total Capital assets	<u>\$3,476,081</u>	<u>\$ 0</u>	<u>\$203,115</u>	<u>\$ 0</u>	<u>\$3,679,196</u>

**NOTE 11 – COMPENSATED ABSENCES**

Employees earn 2-5 weeks of annual vacation leave per calendar year, based on years of service. Annual leave may be taken after 1 year of employment. Annual leave may not be accumulated unless approved by the Executive Director. As of June 30, 2005, the accrual for compensated absences totaled \$29,515 and has been included in the accrued wages and compensated absences account balance in the accompanying Balance Sheet.

**NOTE 12 – 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.

**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005**

**NOTE 13 – PRIOR PERIOD ADJUSTMENT**

The current year financial statements include an adjustment to reflect the financial activities in administering a management agreement with Wadsworth Housing Development Corporation (WHDC) and the Brunswick Housing Development Corporation (BHDC). As explained in note 3, Medina Metropolitan Housing Authority has entered into a lease agreement with both not-profit corporations to manage the operation of the apartment complexes for which in return the Authority receives all revenues associated with the operation of the projects and is responsible for all expenses related thereto. In prior years the activities for managing these properties were reported separately. It is the belief of Management, based on how the managements agreement are written, that it is a more accurate reporting to reflect the activities from the management of these properties with the Medina Metropolitan Housing Authority financial statements. As a result the 2004 net assets were restated as follows:

	MMHA 06/30/04	Prior Period Adjustment		Adjusted 06/30/04
		Brunswick HDC	Wadsworth HDC	
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$666,757	\$31,714	\$19,936	\$718,407
Restricted cash and cash equivalents	180,653	286,032	991,185	1,457,870
Receivables, net	899,459	4,163	8,278	911,900
Prepaid expenses and other assets	16,934	8,056	11,820	36,810
<b>Total current assets</b>	<b>1,763,803</b>	<b>329,965</b>	<b>1,031,219</b>	<b>3,124,987</b>
<b>Noncurrent assets</b>				
Capital assets:				
Building and equipment	3,191,611	0	0	3,191,611
Construction in Progress	284,470	0	0	284,470
Less accumulated depreciation	(1,930,005)	0	0	(1,930,005)
Capital assets, net	1,546,076	0	0	1,546,076
Other noncurrent assets	4,217,316	0	0	4,217,316
<b>Total noncurrent assets</b>	<b>5,763,392</b>	<b>0</b>	<b>0</b>	<b>5,763,392</b>
<b>Total assets</b>	<b>\$7,527,195</b>	<b>\$329,965</b>	<b>\$1,031,219</b>	<b>\$8,888,379</b>

**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005**

**NOTE 13 – PRIOR PERIOD ADJUSTMENT (Continued)**

	MMHA 06/30/04	Prior Period Adjustment		Adjusted 06/30/04
		Brunswick HDC	Wadsworth HDC	
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable	\$11,213	\$22,156	\$96,584	\$129,953
Accrued liabilities	45,956	0	0	45,956
Intergovernmental payables	30,069	0	0	30,069
Tenant security deposits	25,281	22,124	20,998	68,403
Deferred revenue	2,309	4,406	2,651	9,366
<b>Total current liabilities</b>	<b>114,828</b>	<b>48,686</b>	<b>120,233</b>	<b>283,747</b>
<b>Noncurrent liabilities</b>				
Noncurrent liabilities - other	155,539	0	50,671	206,210
<b>Total noncurrent liabilities</b>	<b>155,539</b>	<b>0</b>	<b>50,671</b>	<b>206,210</b>
<b>Total liabilities</b>	<b>\$270,367</b>	<b>\$48,686</b>	<b>\$170,904</b>	<b>\$489,957</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	\$1,546,076	\$0	\$0	\$1,546,076
Restricted net assets	0	264,121	967,321	1,231,442
Unrestricted net assets	5,710,752	17,158	(107,006)	5,620,904
<b>Total net assets</b>	<b>\$7,256,828</b>	<b>\$281,279</b>	<b>\$860,315</b>	<b>\$8,398,422</b>

Medina Metropolitan Housing Authority  
FDS Schedule submitted to REAC  
Propriety Fund Type-Enterprise Fund  
Year Ended June 30, 2005

Line Item No.	Account Description	Business Activities	N/C S/R Section 8 Programs	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Total
111	Cash - Unrestricted	\$707,973	\$64,965	\$119,756	\$225,613	\$0	\$0	\$1,118,307
113	Cash - Other Restricted	\$1,092,362	\$0	\$0	\$0	\$0	\$0	\$1,092,362
114	Cash - Tenant Security Deposits	\$53,004	\$0	\$18,441	\$0	\$0	\$0	\$71,445
100	Total Cash	\$1,853,339	\$64,965	\$138,197	\$225,613	\$0	\$0	\$2,282,114
121	Accounts Receivable - PHA Projects	\$420,843	\$0	\$0	\$0	\$0	\$0	\$420,843
122	Accounts Receivable - HUD Other Projects	\$0	\$0	\$0	\$19,666	\$21,188	\$0	\$40,854
126	Accounts Receivable - Tenants - Dwelling Rents	\$5,801	\$0	\$259	\$0	\$0	\$0	\$6,060
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$0	\$0	\$0	\$0	\$0	\$0	\$0
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0
120	Total Receivables, net of allowances for doubtful accounts	\$426,644	\$0	\$259	\$19,666	\$21,188	\$0	\$467,757
131	Investments - Unrestricted	\$25,000	\$0	\$0	\$0	\$0	\$0	\$25,000
132	Investments Restricted	\$0	\$0	\$0	\$180,889	\$0	\$0	\$180,889
142	Prepaid Expenses and Other Assets	\$24,798	\$320	\$10,736	\$2,020	\$0	\$0	\$37,874
144	Interprogram Due From	\$39,900	\$0	\$0	\$0	\$0	\$0	\$39,900
150	Total Current Assets	\$2,369,681	\$65,285	\$149,192	\$428,188	\$21,188	\$0	\$3,033,534
162	Buildings	\$797,501	\$0	\$2,119,584	\$0	\$0	\$0	\$2,917,085
163	Furniture, Equipment & Machinery - Dwellings	\$4,064	\$0	\$94,715	\$0	\$0	\$0	\$98,779
164	Furniture, Equipment & Machinery - Administration	\$299,097	\$5,315	\$39,690	\$25,509	\$0	\$0	\$369,611
165	Leasehold Improvements	\$0	\$0	\$17,364	\$0	\$0	\$0	\$17,364
166	Accumulated Depreciation	(\$288,493)	(\$532)	(\$1,741,325)	(\$12,567)	\$0	\$0	(\$2,042,917)
167	Construction In Progress	\$0	\$0	\$0	\$0	\$276,357	\$0	\$276,357
160	Total Fixed Assets, Net of Accumulated Depreciation	\$812,169	\$4,783	\$530,028	\$12,942	\$276,357	\$0	\$1,636,279

Medina Metropolitan Housing Authority  
FDS Schedule submitted to REAC  
Propriety Fund Type-Enterprise Fund  
Year Ended June 30, 2005

Line Item No.	Account Description	Business Activities	N/C S/R Section 8 Programs	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Total
171	Notes, Loans, & Mortgages Receivable - Non Current	\$4,272,501	\$0	\$0	\$0	\$0	\$0	\$4,272,501
180	Total Non-Current Assets	\$5,084,670	\$4,783	\$530,028	\$12,942	\$276,357	\$0	\$5,908,780
190	Total Assets	\$7,454,351	\$70,068	\$679,220	\$441,130	\$297,545	\$0	\$8,942,314
312	Accounts Payable <= 90 Days	\$147,276	\$0	\$6,541	\$1,742	\$0	\$0	\$155,559
321	Accrued Wage/Payroll Taxes Payable	\$20,914	\$0	\$0	\$0	\$0	\$0	\$20,914
322	Accrued Compensated Absences - Current Portion	\$5,755	\$1,501	\$5,593	\$16,666	\$0	\$0	\$29,515
331	Accounts Payable - HUD PHA Programs	\$0	\$6,712	\$0	\$0	\$0	\$0	\$6,712
333	Accounts Payable - Other Government	\$0	\$0	\$12,411	\$0	\$0	\$0	\$12,411
341	Tenant Security Deposits	\$49,606	\$0	\$18,352	\$0	\$0	\$0	\$67,958
342	Deferred Revenues	\$5,067	\$0	\$1,197	\$37,493	\$0	\$0	\$43,757
347	Interprogram Due To	\$18,712	\$0	\$0	\$0	\$21,188	\$0	\$39,900
310	Total Current Liabilities	\$247,330	\$8,213	\$44,094	\$55,901	\$21,188	\$0	\$376,726
353	Noncurrent Liabilities - Other	\$0	\$0	\$0	\$180,889	\$0	\$0	\$180,889
350	Total Noncurrent Liabilities	\$0	\$0	\$0	\$180,889	\$0	\$0	\$180,889
300	Total Liabilities	\$247,330	\$8,213	\$44,094	\$236,790	\$21,188	\$0	\$557,615
508.1	Invested in Capital Assets, Net of Related Debt	\$812,169	\$4,783	\$530,027	\$12,942	\$276,357	\$0	\$1,636,278
511	Total Reserved Fund Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
511.1	Restricted Net Assets	\$1,092,362	\$0	\$0	\$0	\$0	\$0	\$1,092,362
512.1	Unrestricted Net Assets	\$5,302,490	\$57,072	\$105,099	\$191,398	\$0	\$0	\$5,656,059
513	Total Equity/Net Assets	\$7,207,021	\$61,855	\$635,126	\$204,340	\$276,357	\$0	\$8,384,699

Medina Metropolitan Housing Authority  
FDS Schedule submitted to REAC  
Propriety Fund Type-Enterprise Fund  
Year Ended June 30, 2005

Line Item No.	Account Description	Business Activities	N/C S/R Section 8 Programs	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Total
600	Total Liabilities and Equity/Net Assets	\$7,454,351	\$70,068	\$679,220	\$441,130	\$297,545	\$0	\$8,942,314
703	Net Tenant Rental Revenue	\$1,101,542	\$0	\$204,222	\$0	\$0	\$0	\$1,305,764
704	Tenant Revenue - Other	\$383	\$0	\$10,711	\$0	\$0	\$0	\$11,094
705	Total Tenant Revenue	\$1,101,925	\$0	\$214,933	\$0	\$0	\$0	\$1,316,858
706	HUD PHA Operating Grants	\$0	\$634,520	\$96,838	\$2,964,238	\$0	\$0	\$3,695,596
706.1	Capital Grants	\$0	\$0	\$0	\$0	\$100,574	\$0	\$100,574
708	Other Government Grants	\$65,190	\$0	\$0	\$0	\$0	\$0	\$65,190
711	Investment Income - Unrestricted	\$29,487	\$1,520	\$3,338	\$4,788	\$0	\$0	\$39,133
712	Mortgage Interest Income	\$131,722	\$0	\$0	\$0	\$0	\$0	\$131,722
714	Fraud Recovery	\$0	\$0	\$0	\$2,947	\$0	\$0	\$2,947
715	Other Revenue	\$223,043	\$0	\$0	\$3,256	\$0	\$0	\$226,299
700	Total Revenue	\$1,551,367	\$636,040	\$315,109	\$2,975,229	\$100,574	\$0	\$5,578,319
911	Administrative Salaries	\$165,370	\$14,261	\$54,185	\$206,311	\$0	\$0	\$440,127
912	Auditing Fees	\$1,602	\$500	\$2,181	\$909	\$0	\$0	\$5,192
915	Employee Benefit Contributions - Administrative	\$27,395	\$4,155	\$21,930	\$76,671	\$0	\$0	\$130,151
916	Other Operating - Administrative	\$746,627	\$1,191	\$20,030	\$78,281	\$0	\$0	\$846,129
931	Water	\$1,451	\$0	\$5,899	\$0	\$0	\$0	\$7,350
932	Electricity	\$9,399	\$0	\$45,384	\$0	\$0	\$0	\$54,783
933	Gas	\$13,235	\$0	\$34,313	\$0	\$0	\$0	\$47,548
938	Other Utilities Expense	\$132,506	\$0	\$6,588	\$0	\$0	\$0	\$139,094
941	Ordinary Maintenance and Operations - Labor	\$119,308	\$1,585	\$37,834	\$2,777	\$0	\$0	\$161,504
942	Ordinary Maintenance and Operations - Materials and Other	\$157,810	\$5	\$23,488	\$5,749	\$0	\$0	\$187,052
943	Ordinary Maintenance and Operations - Contract Costs	\$28,620	\$85	\$32,530	\$1,212	\$0	\$0	\$62,447

Medina Metropolitan Housing Authority  
FDS Schedule submitted to REAC  
Propriety Fund Type-Enterprise Fund  
Year Ended June 30, 2005

Line Item No.	Account Description	Business Activities	N/C S/R Section 8 Programs	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Total
945	Employee Benefit Contributions - Ordinary Maintenance	\$8,710	\$488	\$9,999	\$732	\$0	\$0	\$19,929
961	Insurance Premiums	\$29,183	\$943	\$12,811	\$5,500	\$0	\$0	\$48,437
962	Other General Expenses	\$49,355	\$0	\$0	\$0	\$0	\$0	\$49,355
963	Payments in Lieu of Taxes	\$11,151	\$0	\$12,411	\$0	\$0	\$0	\$23,562
964	Bad Debt - Tenant Rents	\$4,696	\$0	(\$5)	\$0	\$0	\$0	\$4,691
969	Total Operating Expenses	\$1,506,418	\$23,213	\$319,578	\$378,142	\$0	\$0	\$2,227,351
970	Excess Operating Revenue over Operating Expenses	\$44,949	\$612,827	(\$4,469)	\$2,597,087	\$100,574	\$0	\$3,350,968
973	Housing Assistance Payments	\$48,337	\$603,536	\$0	\$2,599,906	\$0	\$0	\$3,251,779
974	Depreciation Expense	\$49,127	\$532	\$59,450	\$3,803	\$0	\$0	\$112,912
900	Total Expenses	\$1,603,882	\$627,281	\$379,028	\$2,981,851	\$0	\$0	\$5,592,042
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	(\$52,515)	\$8,759	(\$63,919)	(\$6,622)	\$100,574	\$0	(\$13,723)
1103	Beginning Equity	\$6,012,194	\$53,096	\$590,358	\$210,962	\$284,470	\$105,748	\$7,256,828
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$1,247,342	\$0	\$108,687	\$0	(\$108,687)	(\$105,748)	\$1,141,594
1113	Maximum Annual Contributions Commitment (Per ACC)	\$0	\$604,201	\$0	\$2,935,669	\$0	\$0	\$3,539,870
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1115	Contingency Reserve, ACC Program Reserve	\$0	\$44,955	\$0	\$147,296	\$0	\$0	\$192,251
1116	Total Annual Contributions Available	\$0	\$649,156	\$0	\$3,082,965	\$0	\$0	\$3,732,121
1120	Unit Months Available	2,340	1,008	996	6,072	0	0	10,416
1121	Number of Unit Months Leased	2,134	1,008	960	5,911	0	0	10,013

Medina Metropolitan Housing Authority  
PHA's Statement and Certification of Actual Modernization Cost  
June 30, 2004

Comprehensive Grant Number OH12P027501-02

1. The Program Costs are as follows:

Funds Approved	\$103,491
Funds Expended	<u>103,491</u>
Excess (Deficiency) of Funds Approved	<u>\$ -0-</u>
Funds Advanced	\$103,491
Funds Expended	<u>103,491</u>
Excess (Deficiency) of Funds Advanced	<u>\$ -0-</u>

2. All costs have been paid and there are no outstanding obligations.
3. The Final Financial Status Report was signed and filed on April 6, 2005.
4. The final costs on the certification agree to the Authority's records.

Medina Metropolitan Housing Authority  
PHA's Statement and Certification of Actual Modernization Cost  
June 30, 2004

Comprehensive Grant Number OH12P027501-00

5. The Program Costs are as follows:

Funds Approved	\$106,952
Funds Expended	<u>106,952</u>
Excess (Deficiency) of Funds Approved	<u>\$ -0-</u>
Funds Advanced	\$106,952
Funds Expended	<u>106,952</u>
Excess (Deficiency) of Funds Advanced	<u>\$ -0-</u>

6. All costs have been paid and there are no outstanding obligations.
7. The Final Financial Status Report was signed and filed on February 22, 2005.
8. The final costs on the certification agree to the Authority's records.

Medina Metropolitan Housing Authority  
 Schedule of Expenditures of Federal Award  
 For the Year Ended June 30, 2005

<b>FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES</b>	<b>CFDA NUMBER</b>	<b>EXPENDITURES</b>
<b>U.S. Department of Housing and Urban Development Direct Program</b>		
Section 8 New Construction	14-182	\$634,520
Low Rent Public Housing	14.850a	96,838
Housing Choice Vouchers	14.871	2,964,238
Public Housing Capital Fund Program	14.872	<u>100,574</u>
<b>Total Expenditure of Federal Award</b>		<b><u>\$3,796,170</u></b>



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

Board of Directors  
Medina Metropolitan Housing Authority

I have audited the financial statements of the Medina Metropolitan Housing Authority, Ohio, as of and for the year ended June 30, 2005, and have issued my report thereon dated September 29, 2005. 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.

**Internal Control over Financial Reporting**

In planning and performing my audit, I considered Medina 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 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 reportable 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 caused by error or fraud 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Medina Metropolitan Housing Authority, Ohio's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely 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 these specified parties.

*Salvatore Consiglio*

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Salvatore Consiglio, CPA, Inc.

September 29, 2005



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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  
Medina Metropolitan Housing Authority

**Compliance**

I have audited the compliance of the Medina 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 June 30, 2005. Medina 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 Medina Metropolitan Housing Authority, Ohio's management. My responsibility is to express an opinion on Medina 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 Medina 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 Medina Metropolitan Housing Authority, Ohio's compliance with those requirements.

In my opinion, Medina 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 June 30, 2005.

## **Internal Control Over Compliance**

The management of Medina 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 Medina 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.

September 29, 2005

Medina Metropolitan Housing Authority  
 Schedule of Findings and Questioned Costs  
 OMB Circular A-133 § .505  
 June 30, 2005

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

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 Program
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**

There are no Findings or questioned costs for the year ended June 30, 2005.

**3. FINDINGS RELATED TO FEDERAL AWARDS**

There are no Findings or questioned costs for the year ended June 30, 2005.

Medina Metropolitan Housing Authority  
Schedule of Prior Audit Findings  
June 30, 2005

The audit report for the fiscal year ending June 30, 2004 contained no audit findings.



**Auditor of State  
Betty Montgomery**

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**MEDINA METROPOLITAN HOUSING AUTHORITY**

**MEDINA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 16, 2006**