

Adams Metropolitan Housing Authority  
General Purpose Financial Statements  
For the Year Ended September 30, 2002





**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, 2001 through September 30, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

June 25, 2003

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ADAMS METROPOLITAN HOUSING AUTHORITY  
AUDIT REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2002

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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, 2002, 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, 2002, 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.

Member of American Institute of Certified Public Accountants  
Ohio Society of Certified Public Accountants

In accordance with *Government Auditing Standards*, I have also issued a report dated April 2, 2003, 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.



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Salvatore Consiglio, CPA, Inc.  
April 2, 2003



Adams Metropolitan Housing Authority  
 Combined Balance Sheet  
 Proprietary Fund Type - Enterprise Fund  
 September 30, 2002

**ASSETS**

**CURRENT ASSETS:**

Cash and Cash Equivalents	\$401,094
Investments	30,000
Receivables - Net of Allowance	143,752
Deferred Charges and Other Assets	18,391

**TOTAL CURRENT ASSETS** 593,237

**Fixed Assets - Net of Accumulated Depreciation** 5,646,768

**TOTAL ASSETS** \$6,240,005

**LIABILITIES AND FUND EQUITY**

**CURRENT LIABILITES:**

Accounts Payable	\$6,612
Intergovernmental Payables	119,877
Accrued Wages/Payroll Taxes	19,483
Tenant Security Deposits	12,514
Deferred Credits and Other Liabilities	1,970

**TOTAL CURRENT LIABILITES** 160,456

**NONCURRENT LIABILITES:**

Other Long-term Liabilities 61,581

**TOTAL NONCURRENT LIABILITES** 61,581

**TOTAL LIABILITES** 222,037

**FUND EQUITY:**

Contributed Capital	6,536,316
Unreserved Fund	(518,348)

**TOTAL FUND EQUITY** 6,017,968

**TOTAL LIABILITIES AND FUND EQUITY** \$6,240,005

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, 2002

<b><u>REVENUE</u></b>	
Tenant Rental Revenue	\$102,065
Program Grant/Subsidies	1,655,903
Interest	2,714
Other Income	41,581
	<b>1,802,263</b>
<b>TOTAL REVENUE</b>	
<b><u>EXPENSES</u></b>	
Administrative	372,597
Utilities	104,726
Maintenance	269,567
General	48,903
Housing Assistance Payments	835,434
Depreciation	248,515
	<b>1,879,742</b>
<b>TOTAL EXPENSES</b>	
<b>OTHER FINANCING SOURCES (USES)</b>	
Operating Transfer In	60,000
Operating Transfer Out	(60,000)
	<b>0</b>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	
<b>EXCESS (DEFICIENCY) OF TOTAL REVENUE OVER (UNDER)</b>	
<b>EXPENSES</b>	
	<b>(77,479)</b>
<b>Beginning Equity</b>	
	<b>6,110,987</b>
<b>Prior Period Adjustments</b>	
	<b>(15,540)</b>
<b>ENDING FUND EQUITY</b>	
	<b>\$6,017,968</b>

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, 2002

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Net Operating Income/(Loss)	(\$77,479)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities	
- Depreciation	248,515
- (Increases) Decreases in Accounts Receivable	129,681
- (Increases) Decreases in Prepaid Expenses	(6,775)
- Increases (Decreases) Accounts Payable	83
- Increases (Decreases) Payroll and Payroll Taxes Payable	(687)
- Increases (Decreases) in Deferred Credits and Other Liabilities	(1,531)
- Adjustment to Reconcile Cash	<u>(488)</u>
 Total Adjustments	 <u>368,798</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>291,319</u>

**CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES:**

Purchase of Assets	<u>(201,400)</u>
 NET CASH USED IN CAPITAL AND FINANCING ACTIVITIES	 <u>(201,400)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Change in Investment Account	<u>(37,979)</u>
 NET CASH USED IN INVESTING ACTIVITIES	 <u>(37,979)</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 51,940
 CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	 <u>349,154</u>
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	 <u><u>\$401,094</u></u>

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, 2002

**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, 2002  
(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, 2002  
(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, 2002 totaled \$2,714.

**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, 2002  
(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.

**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, 2002  
(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	\$ 425,369	\$ 425,369	\$ 0	\$ 0	\$401,094
Investments	30,519	30,519	0	0	30,000
Total Deposits	<u>\$ 455,888</u>	<u>\$ 455,888</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$431,094</u>

Investments - HUD Handbook 7475.1 Chapter 4, Section 1 authorizes the PHA to make investments in:

- Direct Obligations of the Federal Government;
- Obligations of Federal Government Agencies;
- Securities of Government-Sponsored Agencies; and
- Demand and Savings Deposits and Certificates of Deposit.

The PHA investments 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, registered, or securities held by the PHA or its agent in the PHA's name.

Category 2 – Uninsured and unregistered, with securities held by the counterpart's trust department or agent in the PHA's name.

Category 3 – Uninsured and unregistered, with securities held by the counterpart, or its trust department or agent but not in the PHA's name.

The PHA's nonnegotiable certificates of deposit are classified as investments on the balance sheet but are considered as deposits for GASB 3 purposes. Therefore, the categories described above do not apply.

**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, 2002 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.



ADAMS METROPOLITAN HOUSING AUTHORITY  
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2002  
 (CONTINUED)

**NOTE 3: RISK MANAGEMENT** (Continued)

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	300,978
Construction in Progress	40,908
Total Fixed Assets	8,670,195
Accumulated Depreciation	(3,023,427)
Net Fixed Assets	\$5,646,768

The following is a summary of changes:

	<b>Balance 09/30/01</b>	<b>Adjust.</b>	<b>Additions</b>	<b>Deletion</b>	<b>Balance 09/30/02</b>
Land	\$318,953	\$60,249	\$0	\$0	\$379,202
Buildings	8,087,658	(138,551)	0	0	7,949,107
Furnt, Mach. and Equip.	256,552	(116,066)	160,492	0	300,978
Construction in Progress	0	0	40,908	0	40,908
Total Fixed Assets	\$8,663,163	(\$194,368)	\$201,400	\$ 0	\$8,670,195

The depreciation expense for the year ended September 30, 2002 was \$248,515.

**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.

ADAMS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2002  
(CONTINUED)

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

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, 2002, 2001 and 2000 were \$39,038, \$41,671, and \$36,340, respectively. The full amount has been contributed for 2001 and 2000. Ninety-five percent has been contributed for 2002, with the remainder being reported as a liability with the enterprise fund.

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

The Public Retirement System of Ohio (PERS) provides post-retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of post-retirement health care based on authority granted by State statute. The Ohio Revised Code provides the statutory authority requiring public employers to fund pension and postretirement health care through their contributions to PERS. The portion of employer contributions rate used to fund health care for 2002 and 2001 was 4.3 percent of cover payroll.

The significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 2000, include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually for inflation (assuming no change in the number of active employees) and an additional increase in total payroll of between .54 percent and 5.1 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.75 percent annually.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

ADAMS METROPOLITAN HOUSING AUTHORITY  
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2002  
 (CONTINUED)

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

Benefits are advance-funded using the entry age normal cost method. The number of active contributing participants was 411,076. The actuarial value of PERS of Ohio net assets available for OPEB at December 31, 2000 was \$11,735.9 million. The actuarially accrued liability and the unfounded actuarial accrued liability, based on the actuarial cost method used, were \$14,364.6 million and \$2,628.7 million, respectively.

**NOTE 7: PRIOR PERIOD ADJUSTMENTS**

The following prior period adjustments were made to properly state the financial statements:

**Low Rent Public Housing:**

- Adjustment to write-off soft costs	(\$22,000)
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<b>Total Low Rent Public Housing</b>	(22,000)
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**Housing Choice Voucher:**

- Cash received from a Board Bank Account Closed that had not been previously reported on the financial statements	2,348
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- Net HUD Adjustment to FYE 2001 form HUD-52681 for the Certificate and Voucher Programs	4,112
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- Fund Balance Transfer To Section 8 Certificate Program	(1,911)
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<b>Total Housing Choice Voucher</b>	4,549
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**Section 8 Certificate Program:**

- Fund Balance transfer From Housing Choice Voucher	1,911
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<b>Total Prior Period Adjustment</b>	(\$15,540)
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**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, 2002

Line Item No.	Account Description	Low Rent Public Housing	Section 8 Rental Certificate Program	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
111	Cash - Unrestricted	\$184,118	\$0	\$216,976	\$0	\$401,094
100	Total Cash	<u>184,118</u>	<u>0</u>	<u>216,976</u>	<u>0</u>	<u>401,094</u>
122	Accounts Receivable - HUD Other Projects	0	0	0	118,021	118,021
125	Accounts Receivable - Miscellaneous	5,358	0	0	0	5,358
126	Accounts Receivable - Tenants - Dwelling Rents	39,834	0	0	0	39,834
126.1	Allowance for Doubtful Accounts - Dwelling Rents	(25,000)	0	0	0	(25,000)
126.2	Allowance for Doubtful Accounts - Other	0	0	0	0	0
128	Fraud Recovery	0	0	7,114	0	7,114
128.1	Allowance for Doubtful Accounts - Fraud	0	0	(1,623)	0	(1,623)
129	Accrued Interest Receivable	48	0	0	0	48
120	Total Receivables, net of allowances for doubtful accounts	<u>20,240</u>	<u>0</u>	<u>5,491</u>	<u>118,021</u>	<u>143,752</u>
131	Investment – Unrestricted	30,000	0	0	0	30,000
142	Prepaid Expenses and Other Assets	18,391	0	0	0	18,391
144	Interprogram Due From	119,450	0	0	0	119,450
150	Total Current Assets	<u>372,199</u>	<u>0</u>	<u>222,467</u>	<u>118,021</u>	<u>712,687</u>
161	Land	379,202	0	0	0	379,202
162	Buildings	7,949,107	0	0	0	7,949,107
163	Furniture, Equipment & Machinery - Dwellings	224,791	0	0	0	224,791
164	Furniture, Equipment & Machinery - Administration	49,019	0	27,168	0	76,187
165	Leasehold Improvements	0	0	0	0	0
166	Accumulated Depreciation	(2,998,509)	0	(24,918)	0	(3,023,427)
167	Construction In Progress	0	0	0	40,908	40,908
160	Total Fixed Assets, Net of Accumulated Depreciation	<u>5,603,610</u>	<u>0</u>	<u>2,250</u>	<u>40,908</u>	<u>5,646,768</u>
180	Total Non-Current Assets	<u>5,603,610</u>	<u>0</u>	<u>2,250</u>	<u>40,908</u>	<u>5,646,768</u>
190	Total Assets	<u>\$5,975,809</u>	<u>\$0</u>	<u>\$224,717</u>	<u>\$158,929</u>	<u>\$6,359,455</u>

Adams Metropolitan Housing Authority  
Combining Balance Sheet  
FDS Schedule Submitted To REAC  
Proprietary Fund Type – Enterprise Fund  
September 30, 2002

Line Item No.	Account Description	Low Rent Public Housing	Section 8 Rental Certificate Program	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
312	Accounts Payable <= 90 Days	\$6,612	\$0	\$0	\$0	\$6,612
321	Accrued Wage/Payroll Taxes Payable	16,351	0	3,132	0	19,483
331	Accounts Payable - HUD PHA Programs	0	0	115,770	0	115,770
333	Accounts Payable - Other Government	4,107	0	0	0	4,107
341	Tenant Security Deposits	12,514	0	0	0	12,514
342	Deferred Revenues	1,970	0	0	0	1,970
347	Interprogram Due To	0	0	1,429	118,021	119,450
310	Total Current Liabilities	<u>41,554</u>	<u>0</u>	<u>120,331</u>	<u>118,021</u>	<u>279,906</u>
354	Accrued Compensated Absences - Non Current	30,557	0	22,440	0	52,997
353	Noncurrent Liabilities - Other	0	0	8,584	0	8,584
350	Total Noncurrent Liabilities	<u>30,557</u>	<u>0</u>	<u>31,024</u>	<u>0</u>	<u>61,581</u>
300	Total Liabilities	<u>72,111</u>	<u>0</u>	<u>151,355</u>	<u>118,021</u>	<u>341,487</u>
504	Net HUD PHA Contributions	<u>6,518,119</u>	<u>6,320</u>	<u>0</u>	<u>11,877</u>	<u>6,536,316</u>
508	Total Contributed Capital	6,518,119	6,320	0	11,877	6,536,316
512	Undesignated Fund Balance/Retained Earnings	(614,421)	(6,320)	73,362	29,031	(518,348)
513	Total Equity/Net Assets	<u>5,903,698</u>	<u>0</u>	<u>73,362</u>	<u>40,908</u>	<u>6,017,968</u>
600	Total Liabilities and Equity/Net Assets	<u>\$5,975,809</u>	<u>\$0</u>	<u>\$224,717</u>	<u>\$158,929</u>	<u>\$6,359,455</u>

Adams Metropolitan Housing Authority  
Combining Statement of Revenue, Expenses and Change in fund Equity  
FDS Schedule Submitted To REAC  
Proprietary Fund Type – Enterprise Fund  
For the Period Ending September 30, 2002

Line Item No.	Account Description	Low Rent Public Housing	Section 8 Rental Certificate Program	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
703	Net Tenant Rental Revenue	\$90,345	\$0	\$0	\$0	\$90,345
704	Tenant Revenue - Other	11,720	0	0	0	11,720
705	Total Tenant Revenue	<u>102,065</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>102,065</u>
706	HUD PHA Operating Grants	520,519	0	1,017,363	88,990	1,626,872
706.1	Capital Grants	0	0	0	29,031	29,031
711	Investment Income - Unrestricted	2,422	0	292	0	2,714
715	Other Revenue	2,751	0	38,830	0	41,581
700	Total Revenue	<u>627,757</u>	<u>0</u>	<u>1,056,485</u>	<u>118,021</u>	<u>1,802,263</u>
911	Administrative Salaries	80,118	0	92,794	0	172,912
912	Auditing Fees	2,258	0	2,885	0	5,143
914	Compensated Absences	0	0	5,650	0	5,650
915	Employee Benefit Contributions - Administrative	59,043	0	35,215	0	94,258
916	Other Operating - Administrative	44,609	0	21,035	28,990	94,634
931	Water	87,250	0	0	0	87,250
932	Electricity	15,615	0	0	0	15,615
933	Gas	1,861	0	0	0	1,861
941	Ordinary Maintenance and Operations - Labor	79,933	0	0	0	79,933
942	Ordinary Maintenance and Operations - Materials and Other	73,918	0	0	0	73,918
943	Ordinary Maintenance and Operations - Contract Costs	56,673	0	0	0	56,673
945	Employee Benefit Contributions - Ordinary Maintenance	59,043	0	0	0	59,043
961	Insurance Premiums	27,756	0	3,600	0	31,356
964	Bad Debt - Tenant Rents	17,547	0	0	0	17,547
969	Total Operating Expenses	<u>605,624</u>	<u>0</u>	<u>161,179</u>	<u>28,990</u>	<u>795,793</u>
970	Excess Operating Revenue over Operating Expenses	<u>22,133</u>	<u>0</u>	<u>895,306</u>	<u>89,031</u>	<u>1,006,470</u>
973	Housing Assistance Payments	0	0	835,434	0	835,434
974	Depreciation Expense	245,145	0	3,370	0	248,515
900	Total Expenses	<u>850,769</u>	<u>0</u>	<u>999,983</u>	<u>28,990</u>	<u>1,879,742</u>

Adams Metropolitan Housing Authority  
Combining Statement of Revenue, Expenses and Change in fund Equity  
FDS Schedule Submitted To REAC  
Proprietary Fund Type – Enterprise Fund  
For the Period Ending September 30, 2002

Line Item No.	Account Description	Low Rent Public Housing	Section 8 Rental Certificate Program	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
1001	Operating Transfers In	60,000	0	0	0	60,000
1002	Operating Transfers Out	0	0	0	(60,000)	(60,000)
1010	Total Other Financing Sources (Uses)	<u>60,000</u>	<u>0</u>	<u>0</u>	<u>(60,000)</u>	<u>0</u>
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	(163,012)	0	56,502	29,031	(77,479)
1103	Beginning Equity	6,088,710	(1,911)	12,311	11,877	6,110,987
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	(22,000)	1,911	4,549	0	(15,540)
	Ending Equity	<u>\$5,903,698</u>	<u>\$0</u>	<u>\$73,362</u>	<u>\$40,908</u>	<u>\$6,017,968</u>
1113	Maximum Annual Contributions Commitment (Per ACC)	\$0	\$0	\$956,580	\$0	\$956,580
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	0	0	0	0	0
1115	Contingency Reserve, ACC Program Reserve	0	0	242,364	0	242,364
1116	Total Annual Contributions Available	<u>\$0</u>	<u>\$0</u>	<u>\$1,198,944</u>	<u>\$0</u>	<u>\$1,198,944</u>
1120	Unit Months Available	1,680	0	3,456	0	5,136
1121	Number of Unit Months Leased	1,478	0	3,446	0	4,924

Adams Metropolitan Housing Authority  
 Schedule of Expenditures of Federal Award  
 For the Year Ended September 30, 2002

<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	\$520,519
Housing Choice Vouchers	14.871	1,017,363
Public Housing Capital Fund Program	14.872	<u>118,021</u>
<b>TOTAL AWARDS</b>		<b><u><u>\$1,655,903</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, 2002, and have issued my report thereon dated April 2, 2003. 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 one instances of noncompliance that are required to be reported under *Government Auditing Standards*. This instance is described in the accompanying schedule of findings and questioned costs as items GAS-2002-1. However, I noted certain immaterial instances of noncompliance that I have reported to management of Adams Metropolitan Housing Authority, Ohio, in a separate letter dated April 2, 2003.

**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. However, I noted one matter involving the internal control over financial reporting and its operation that I have consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in

the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the Adams Metropolitan Housing Authority ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items GAS-2002-2.

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. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable condition described above, I consider it to be material weaknesses. I have also noted other matters involving the internal control over financial reporting, which I have reported to management of Adams Metropolitan Housing Authority, Ohio's in a separate letter dated April 2, 2003.

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 that these specified parties.

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, 2003

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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, 2002. 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, 2002.

Member of American Institute of Certified Public Accountants  
Ohio Society of Certified Public Accountants

### **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, 2003

Adams Metropolitan Housing Authority  
 Schedule of Findings and Questioned Costs  
 OMB Circular A-133 § .505  
 September 30, 2002

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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Type of Financial Statement Opinion	Unqualified
Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	Yes
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)?	Yes
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 # 14.850a & 14.871 - Low Rent Public Housing, & Housing Choice Voucher
Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All Others
Low Risk Auditee?	Yes

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS</b>
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FINDING NUMBER	GAGAS-2002-1
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**PERS PICK-UP**

Adams MHA, in 1997, implemented a pick-up plan for its employees PERS contribution of 8.5%. The plan implemented is the "Fringe Benefit Method". Under this plan, the 8.5% pick-up portion is taxable for Medicare and Local Municipal Income Taxes.

Adams Metropolitan Housing Authority  
Schedule of Findings and Questioned Costs  
OMB Circular A-133 § .505  
September 30, 2002  
(Continued)

Audit procedures over payroll revealed that Adams MHA was not deducting the Medicare Tax, nor was the employer share paid. Also, no Local Income tax was deducted from the employee's wages. Therefore, the payroll taxes were under stated and the W-2 wages for Medicare and Local wages were under reported. This was due to error in understanding the type of method implemented.

**Recommendation:**

Adams MHA must start deducting the Medicare tax and Local Income tax on the 8.5% pick-up portion. In addition, the 8.5% must be reported as additional wages on the W-2 for the Medicare wages and Local Income wages. In addition, I also recommend that management contact the Internal Revenue Service to discuss the error and to come up with a corrective action plan for pass years.

FINDING NUMBER	GAGAS-2002-2
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**PROPERTY MANAGEMENT**

Adams MHA has not performed a physical inventory of the property owned for several years. In addition, the depreciation schedule provided did not properly list all equipment owned by the Agency. The depreciation schedule just stated "equipment" with no further description. Therefore, I was not able to properly determine what equipment the PHA owned, if it existed and if the correct useful life was used in calculating depreciation. No explanation was provided as to why a physical inventory has not been performed.

**Recommendation:**

A physical inventory over property must be performed. The physical inventory must be reconciled with the depreciation schedule to ascertain that the financial statements are properly stated. All errors noted must be investigated further.

Management must implement a Property Management System. Under this system, a physical inventory must be taking at a minimum once a year.

<b>3. FINDINGS REALTED TO FEDERAL AWARDS</b>
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There are no Findings or questioned costs for the year ended September 30, 2002.

Adams Metropolitan Housing Authority  
Schedule of Prior Audit Findings  
September 30, 2002

The audit report for the fiscal year ending September 30, 2001 contained not audit finding.







**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 22, 2003**