

**MEDINA METROPOLITAN HOUSING AUTHORITY  
MEDINA, OHIO**

**REPORT ON EXAMINATION OF FINANCIAL  
STATEMENTS AND SUPPLEMENTAL DATA**

**Year Ended June 30, 2003**

**Laura J. MacDonald, CPA, Inc.  
3637 Medina Road, Suite F  
Medina, Ohio 44256**





**Auditor of State  
Betty Montgomery**

Board of Commissioners  
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 Laura J. MacDonald CPA Inc., for the audit period July 1, 2002 through June 30, 2003. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The 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

April 19, 2004

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**MEDINA METROPOLITAN HOUSING AUTHORITY  
 FINANCIAL STATEMENTS AND  
 SUPPLEMENTAL DATA  
 Year Ended June 30, 2003**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Commissioners  
Medina Metropolitan Housing Authority  
Medina, Ohio

I have audited the accompanying Combined Financial Statements of the Medina Metropolitan Housing Authority as listed in the Table of Contents, as of and for the year ended June 30, 2003. These financial statements are the responsibility of the Medina Metropolitan Housing Authority's management. My responsibility is to express an opinion on these 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 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 financial statements referred to above present fairly, in all material respects, the financial position of the Medina Metropolitan Housing Authority as of June 30, 2003, and the results of its operations and changes in its equity and its 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 a report dated January 23, 2004, on my consideration of the Medina Metropolitan Housing Authority's internal control over financial reporting and on 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 results of my audit.

My audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. The information in this Schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Laura J. MacDonald, CPA, Inc.  
January 23, 2004

**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**COMBINED BALANCE SHEET -**  
**-PROPRIETARY FUND TYPE**  
**June 30, 2003**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 859,373	
Cash, restricted for tenant security deposits	20,965	
Cash, restricted for Family Self Sufficiency Program	124,034	
Accounts receivable:		
Governmental agencies	112,766	
Tenants, net of allowances of \$4,612	4,520	
Interprogram receivables	173,623	
Related entities	1,353,033	
Other current assets	<u>15,414</u>	
		\$ 2,663,728

**PROPERTY AND EQUIPMENT**

Land, buildings and improvements	2,685,264	
Furniture, equipment and machinery	440,818	
Leasehold improvements	<u>17,364</u>	
		3,143,446
Less accumulated depreciation		<u>(1,827,464)</u>
		1,315,982
Construction in progress		217,305

**NOTES RECEIVABLE - RELATED ENTITIES**

	<u>3,547,652</u>
	<u><u>\$ 7,744,667</u></u>

Please refer to accompanying notes.



**LIABILITIES AND EQUITY**

**CURRENT LIABILITIES**

Accounts payable:

Trade	\$	5,446
HUD		109,584
Other government		11,687
Interprogram payables		173,623
Tenant security deposits		20,965
Compensated absences payable		29,086
Deferred credits and other liabilities		<u>2,230</u>

\$ 352,621

**LONG-TERM LIABILITIES**

Escrow deposits for Family Self Sufficiency Program		124,034
Tenant Service Fund		<u>2,205</u>

126,239

478,860

**EQUITY**

Contributed capital		324,618
Retained earnings		<u>6,941,189</u>

7,265,807

\$ 7,744,667

**MEDINA METROPOLITAN HOUSING AUTHORITY  
 COMBINED STATEMENT OF REVENUE AND EXPENSES -  
 PROPRIETARY FUND TYPE  
 Year Ended June 30, 2003**

**OPERATING REVENUE**

Grant revenues	\$ 3,327,049	
Rental income	250,118	
Other income	<u>89,066</u>	
		\$ 3,666,233

**OPERATING EXPENSES**

Housing Assistance Payments	2,715,323	
Administrative	543,393	
Maintenance and operations	164,215	
Utilities	111,661	
General	<u>36,901</u>	
		<u>3,571,493</u>

**NET INCOME FROM OPERATIONS  
 BEFORE DEPRECIATION**

94,740

**DEPRECIATION**

Assets acquired prior to July 1, 2000 with contributed capital (pre-GASB 33)	52,192	
Other asset acquisitions	<u>40,696</u>	
		<u>92,888</u>

**NET OPERATING INCOME**

1,852

**NON-OPERATING REVENUE**

Interest income		<u>118,620</u>
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**NET INCOME**

\$ 120,472

Please refer to accompanying notes.

**MEDINA METROPOLITAN HOUSING AUTHORITY  
 COMBINED STATEMENT OF CHANGES IN EQUITY -  
 PROPRIETARY FUND TYPE  
 Year Ended June 30, 2003**

	<u>CONTRIBUTED CAPITAL</u>	<u>RETAINED EARNINGS</u>	<u>TOTAL</u>
<b>EQUITY BALANCES AT JUNE 30, 2002</b>	\$ 376,810	\$ 6,768,525	\$ 7,145,335
Net income	-	120,472	120,472
Depreciation of property and equipment purchased with contributed capital	<u>(52,192)</u>	<u>52,192</u>	<u>-</u>
<b>EQUITY BALANCES AT JUNE 30, 2003</b>	<u>\$ 324,618</u>	<u>\$ 6,941,189</u>	<u>\$ 7,265,807</u>

Please refer to accompanying notes.

**MEDINA METROPOLITAN HOUSING AUTHORITY  
 COMBINED STATEMENT OF CASH FLOWS -  
 PROPRIETARY FUND TYPE  
 Year Ended June 30, 2003**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net operating income	\$	1,852
Adjustments to reconcile net operating income to net cash used by operating activities:		
Depreciation		92,888
(Increase) decrease in assets:		
Accounts receivable		(525,620)
Other current assets		5,986
Increase (decrease) in liabilities:		
Accounts payable		105,289
Tenant security deposits		(9,212)
Accrued wages and compensated absences		2,573
Deferred credits and other liabilities		825
Escrow deposits for Family Sufficiency Program		14,044

**NET CASH USED BY  
 OPERATING ACTIVITIES** \$ (311,375)

**CASH FLOWS FROM NON-CAPITAL FINANCING  
 ACTIVITIES**

-

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

Acquisition of capital assets (216,554)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Increase in notes receivable	(62,584)
Interest income	118,620

**NET CASH PROVIDED BY  
 INVESTING ACTIVITIES** 56,036

**NET DECREASE IN CASH** (471,893)

**CASH AND CASH EQUIVALENTS  
 AT BEGINNING OF YEAR**

1,476,265

**CASH AND CASH EQUIVALENTS AT END OF YEAR**

\$ 1,004,372

Please refer to accompanying notes.

**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2003**

**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.

**Fund Accounting/Financial Reporting Entity**

The Authority uses fund accounting to segregate activity by program. All funds of the Authority are of the proprietary fund type and are classified as enterprise funds. Enterprise funds are used to account for programs that are operated in a manner similar to private business enterprises and are based on the flow of economic resources measurement focus. During the year ended June 30, 2003, the Authority maintained separate funds for the Low Rent Public Housing Program, the Public Housing Capital Fund Program, the Housing Choice Vouchers Program, the Section 8 New Construction Program, various State and Local Programs and the Administration Fund

**Accounting Basis**

The accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America. Under this method, revenues are recognized when they are earned and measurable, and expenditures are recognized as incurred.

In accordance with Statement No. 20 of the Governmental Accounting Standards Board (GASB), *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Authority follows GASB guidance applicable to proprietary funds as well as Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, as long as they do not conflict with or contradict GASB pronouncements.

**Budgetary Accounting**

The Authority prepares an annual 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 Commissioners of the Housing Authority.

**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 fixed assets acquired after June 30, 2000 as revenues and the related depreciation thereon, as expenses in the accompanying Combined Statement of Revenue and Expenses.

**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2003**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES**  
**(Continued)**

**Compensated Absences**

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

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

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 Investments**

Investment procedures are restricted by HUD regulations and by the provisions of the Ohio Revised Code. Purchased investments are valued at cost.

HUD Handbook 7475.1, Chapter 4, Section 1 authorizes the Authority to make investments in:

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

The Authority's cash and investment balances with banks as of June 30, 2003 were as follows:

<b><u>Annual Contribution Contract</u></b>	<b><u>Bank Balance</u></b>	<b><u>Book Balance</u></b>	<b><u>Market Value</u></b>
Public Housing	\$ 45,427	\$ 45,427	\$ 45,427
Section 8 New Construction	513,528	513,528	513,528
State and Local Programs	46,768	46,768	46,768
Administration	<u>482,830</u>	<u>398,649</u>	<u>398,649</u>
	<b><u>\$ 1,088,553</u></b>	<b><u>\$1,004,372</u></b>	<b><u>\$1,004,372</u></b>

As of June 30, 2003, the bank balance consisted of \$170,902 in demand deposits, \$624,751 in certificates of deposit and \$292,900 in government securities. Of this amount, \$100,000 was collateralized by Federal Depository Insurance and the remaining \$988,553 was collateralized with specific government securities pledged by banks.

**MEDINA METROPOLITAN HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2003**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES  
(Continued)**

**Restricted Cash**

Tenant security deposits and deposits associated with the operation of the Family Self Sufficiency Program are required to be held in separate accounts and generally are not available for operating purposes.

**Property and Equipment**

Property and equipment is stated at cost. Renewals and betterments are capitalized. 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	20-40 years
Furniture, equipment and machinery	10 years
Leasehold improvements	10-20 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.

**Statement of Cash Flows**

The Statement of Cash Flows is presented in accordance with Government Accounting Standards Board Statement No. 9. The Authority considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents consist of certificates of deposit and government securities at June 30, 2003.

There were no cash payments for interest or income taxes during the year ended June 30, 2003.

**NOTE 2 – RELATED PARTY TRANSACTIONS**

The Wadsworth Housing Development Corporation (WHDC) and the Brunswick Housing Development Corporation (BHDC), are both non-profit corporations, organized as instrumentalities of the Medina Metropolitan Housing Authority. 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 and New Manhattan Place. Southwick Place, Jefferson Place and New Manhattan Place are all affordable housing complexes located in Medina County, Ohio. Transactions between the Authority and these entities are summarized below and also in Notes 3 and 6.

**MEDINA METROPOLITAN HOUSING AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2003**

**NOTE 2 – RELATED PARTY TRANSACTIONS (Continued)**

The various Property Management Agreements provide that management fees be paid to the Authority's Administrative Fund. Management fee revenue includes revenues earned of \$51,105 for Wadsworth Tower, \$14,863 for Southwick Place, \$9,126 for New Manhattan Place, \$5,607 for Jefferson Place, \$2,537 for Washington Place and \$5,418 for Creative Housing.

**NOTE 3 – ACCOUNTS RECEIVABLE – RELATED ENTITIES**

Accounts receivable – related entities consists of the following as of June 30, 2003:

<u>Description</u>	<u>Amount</u>
Reimbursement of operating expenses for related entities:	
New Manhattan Place	\$ 683,752
Southwick Place	277,738
Wadsworth Tower	131,458
Home Place	122,305
Jefferson Place	88,588
Brunswick Apartments Limited Corp.	18,194
Creative Housing	<u>30,998</u>
	<u>\$1,353,033</u>

**NOTE 4 – CONSTRUCTION IN PROGRESS**

The Construction in Progress account balance, which totaled \$217,305 at June 30, 2003, consists of several projects to modernize apartments, renovate various common use areas, and replace equipment, machinery and appliances. There are no significant outstanding construction commitments associated with these projects as of June 30, 2003.

**NOTE 5 – INSURANCE COVERAGE**

As of June 30, 2003, the Authority had general liability insurance limits of \$5,000,000 (each occurrence) with no annual aggregate; director and officer liability coverage of \$5,000,000 per loss and in the aggregate; vehicle liability coverage of \$5,000,000; and commercial property coverage of \$1,000,000 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, 2003, 2002 and 2001.



**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2003**

**NOTE 6 – NOTES RECEIVABLE – RELATED ENTITIES**

Notes receivable – related entities consists of the following as of June 30, 2003:

Mortgage note receivable from Brunswick Apartments Limited Partnership (BALP) 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	\$2,328,725
Mortgage note receivable from Brunswick Housing Development Corporation (BHDC) with interest at 2% per annum; payable in monthly installments of \$4,551 through June, 2027; secured by new Manhattan Place	856,865
Non-interest bearing mortgage note receivable from Brunswick Housing Development Corporation, payable in monthly installments of \$2,000 until paid in full, as cash flow of Jefferson Place permits	<u>362,062</u>
	<u>\$3,547,652</u>

**NOTE 7 – DEFINED BENEFIT PENSION PLAN**

All full-time employees of the Authority participate in the Ohio Public Employees Retirement System (OPERS), which is a cost-sharing, multiple-employer defined benefit pension plan administered by the Public Employees Retirement Board. OPERS provides for retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. The authority to establish and amend benefits is provided by state statutes per Chapter 145 of the Ohio Revised Code. OPERS issues a publicly available financial report. The report may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

The Ohio Revised Code provides statutory authority for employee and employer contributions. Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the Authority is required to contribute 13.55 percent.

The Authority's contributions to OPERS for the years ended June 30, 2003, 2002 and 2001 were \$40,086 \$40,310 and \$26,993, respectively. For the year ended June 30, 2001, the Authority's contribution exceeded the dollar amount billed to the Authority by OPERS by approximately \$1,000. For the years ended June 30, 2003 and 2002, the Authority's contribution amounts were equal to the total dollar amount billed to the Authority by OPERS.

**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2003**

**NOTE 8 – POSTEMPLOYMENT BENEFITS**

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan (which is a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan (which is a defined contribution plan) and the Combined Plan (which is a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan).

OPERS provides post-retirement disability, survivor and health care benefits to age and service retirees with ten or more years of qualifying Ohio service credit to qualifying members of both the Traditional and the Combined Plans; however, health care benefits are not statutorily guaranteed. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. Health care coverage for disability and primary survivor recipients is also available. The health care coverage provided by PERS is considered an “Other Post-employment Benefit” (OPEB) as described in GASB Statement No. 12, *Disclosure of Information on Post-employment Benefits Other Than Pension Benefits by State and Local Governmental Employers*. A portion of each employer’s contribution to OPERS is set aside for the funding of postretirement health care based on authority granted by State statute. The employer contribution rate for 2003 was 13.55 percent of covered payroll; 4.5 percent was the portion used to fund health care.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS.

The assumptions and calculations outlined below were based on the System’s latest actuarial review, which was performed as of December 31, 2002. These assumptions are as follows:

**Funding Method** – 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 the unfunded actuarial accrued liability.

**Assets Valuation Method** – 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% of unrealized market appreciation or depreciation on investment assets.

**Investment Return** – The investment assumption rate for 2002 was 8.00%.

**Active Employee Total Payroll** – An annual increase of 4.00% compounded annually, is the base portion of the individual pay increase assumption. This assumed no change in the number of active employees. Additionally, annual pay increases, over and above the 4.00% base increase, were assumed to range from 0.50% to 6.30%.

**Health Care** – Health care costs were assumed to increase 4.00% annually.

Other Postemployment Benefits are advance-funded on an actuarially determined basis. At December 31, 2003, the total number of active contributing participants was 364,881. As of December 31, 2002, the actuarial value of net assets available for future OPEB payments was approximately \$10.0 billion. The actuarially accrued liability and the unfunded actuarial liability based on the actuarial cost method used, were \$10.7 billion and \$8.7 million, respectively. The Authority’s actual contribution for 2003 which was used to fund OPEB was \$14,692.

**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2003**

**NOTE 9 – 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, 2003, the accrual for compensated absences totaled \$29,086 and has been included in the accrued wages and compensated absences account balance in the accompanying Balance Sheet.

**NOTE 10 – SEGMENT INFORMATION**

Supplemental Combining Balance Sheets and Schedules of Revenue and Expenses, by Program for the Authority's enterprise funds can be found in the Supplemental Data on pages 15 – 18. Combining Cash Flow information for these funds is as follows:

	<b>Public Hsg.</b>	<b>Cap. Fund</b>	<b>Hsg Choice Voucher Pgm.</b>	<b>Section 8 New Const.</b>	<b>State/ Local Pgm.</b>	<b>Admin. Fund</b>	<b>Totals</b>
Net cash from (to)							
Operating Activities	\$(90,217)	\$108,334	\$ 131,288	\$ 2,893	\$ 16,421	\$(480,094)	\$(311,375)
Cash flows from (to)							
Capital activities	(12,605)	(108,334)	-	-	(18,123)	(77,492)	(216,554)
Cash flows from							
Investing activities	<u>1,092</u>	<u>-</u>	<u>2,491</u>	<u>599</u>	<u>361</u>	<u>51,493</u>	<u>56,036</u>
Net increase (decrease) in Cash	(101,730)	-	133,779	3,492	(1,341)	(506,093)	(471,893)
Cash, Beginning Of Year	<u>147,157</u>	<u>-</u>	<u>330,990</u>	<u>45,266</u>	<u>48,109</u>	<u>904,743</u>	<u>1,476,265</u>
Cash, End of Year	<u>\$45,427</u>	<u>\$-</u>	<u>\$ 464,769</u>	<u>\$48,758</u>	<u>\$ 46,768</u>	<u>\$398,650</u>	<u>\$1,004,372</u>

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SUPPLEMENTAL INFORMATION

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*Laura J MacDonald, CPA, Inc.  
3637 Medina Road, Suite F  
Medina, Ohio 44256*

**INDEPENDENT AUDITOR'S REPORT  
ON SUPPLEMENTAL DATA**

To the Board of Commissioners  
Medina Metropolitan Housing Authority  
Medina, Ohio

My report on my audit of the basic financial statements of the Medina Metropolitan Housing Authority as of and for the year ended June 30, 2003, appears on page 1. 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, for the purpose of forming an opinion on the basic financial statements taken as a whole. The information included in the accompanying Supplemental Combining Balance Sheet by Program, the Supplemental Combining Schedule of Revenue and Expenses by Program and the Statement of Modernization Costs-Completed is presented only for purposes of additional analysis 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, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Laura J. MacDonald, CPA, Inc.  
January 23, 2004

**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**SUPPLEMENTAL COMBINING BALANCE SHEET BY PROGRAM**  
**June 30, 2003**

<u>ACCOUNT DESCRIPTION</u>	<u>LOW RENT PUBLIC HOUSING</u>	<u>PUBLIC HOUSING CAPITAL FUND PROGRAM</u>	<u>HOUSING CHOICE VOUCHERS PROGRAM</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 29,014	\$ -	\$ 340,735
Cash, restricted for tenant security deposits	16,413	-	-
Cash, restricted for Family Self Sufficiency Program	-	-	124,034
Accounts receivable:			
Governmental agencies	-	109,279	-
Tenants, net of allowance of \$3,362 for Public Housing and \$1,250 for State and Local Programs	966	-	-
Interprogram receivables	109,279	-	-
Related entities	-	-	-
Other current assets	8,548	-	4,414
Land, buildings and improvements	2,010,897	-	-
Furniture, equipment and machinery	110,219	-	12,519
Leasehold improvements	17,364	-	-
Accumulated depreciation	(1,626,203)	-	(6,260)
Construction in progress	-	217,305	-
Notes receivable-related entities	-	-	-
	<u>\$ 676,497</u>	<u>\$ 326,584</u>	<u>\$ 475,442</u>
<b>LIABILITIES AND EQUITY</b>			
Accounts payable:			
Trade	\$ 952	\$ -	\$ 2,772
HUD	-	-	104,861
Other government	11,687	-	-
Interprogram payables	7,568	109,279	-
Tenant security deposits	16,413	-	-
Compensated absences payable	3,351	-	14,932
Deferred credits and other liabilities	2,230	-	-
Escrow deposits for Family Self Sufficiency Program	-	-	124,034
Tenant Service Fund	2,205	-	-
Contributed capital	324,618	-	-
Retained earnings	307,473	217,305	228,843
	<u>\$ 676,497</u>	<u>\$ 326,584</u>	<u>\$ 475,442</u>

\* State and local programs consist of Washington Place and State HAP funds.  
Please refer to auditor's report on supplemental data.



<b>SECTION 8 NEW CONST. PROGRAM</b>	<b>TOTAL HUD PROGRAMS</b>	<b>STATE AND LOCAL PROGRAMS*</b>	<b>TOTAL PROGRAMS</b>	<b>ADMIN- ISTRATION FUND</b>	<b>GRAND TOTAL</b>
\$ 48,758	\$ 418,507	\$ 42,216	\$ 460,723	\$ 398,650	\$ 859,373
-	16,413	4,552	20,965	-	20,965
-	124,034	-	124,034	-	124,034
115	109,394	3,372	112,766	-	112,766
-	966	3,554	4,520	-	4,520
-	109,279	6,153	115,432	58,191	173,623
-	-	-	-	1,353,033	1,353,033
765	13,727	95	13,822	1,592	15,414
-	2,010,897	108,720	2,119,617	674,008	2,793,625
-	122,738	359	123,097	209,360	332,457
-	17,364	-	17,364	-	17,364
-	(1,632,463)	(12,023)	(1,644,486)	(182,978)	(1,827,464)
-	217,305	-	217,305	-	217,305
-	-	-	-	3,547,652	3,547,652
<u>\$ 49,638</u>	<u>\$ 1,528,161</u>	<u>\$ 156,998</u>	<u>\$ 1,685,159</u>	<u>\$ 6,059,508</u>	<u>\$ 7,744,667</u>
\$ 138	\$ 3,862	\$ 35	\$ 3,897	\$ 1,549	\$ 5,446
4,723	109,584	-	109,584	-	109,584
-	11,687	-	11,687	-	11,687
-	116,847	50,623	167,470	6,153	173,623
-	16,413	4,552	20,965	-	20,965
1,149	19,432	956	20,388	8,698	29,086
-	2,230	-	2,230	-	2,230
-	124,034	-	124,034	-	124,034
-	2,205	-	2,205	-	2,205
-	324,618	-	324,618	-	324,618
43,628	797,249	100,832	898,081	6,043,108	6,941,189
<u>\$ 49,638</u>	<u>\$ 1,528,161</u>	<u>\$ 156,998</u>	<u>\$ 1,685,159</u>	<u>\$ 6,059,508</u>	<u>\$ 7,744,667</u>

**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**SUPPLEMENTAL COMBINING SCHEDULE OF REVENUE**  
**AND EXPENSES BY PROGRAM**  
**Year Ended June 30, 2003**

<u>ACCOUNT DESCRIPTION</u>	<u>LOW RENT PUBLIC HOUSING</u>	<u>PUBLIC HOUSING CAPITAL FUND PROGRAM</u>	<u>HOUSING CHOICE VOUCHERS PROGRAM</u>	<u>SECTION 8 NEW CONST. PROGRAM</u>	<u>TOTAL HUD PROGRAMS</u>
<b>REVENUE:</b>					
<u>Grant revenues:</u>					
HUD PHA operating grants	\$ 106,016	\$ -	\$ 2,436,970	\$ 615,926	\$ 3,158,912
Capital grants	-	108,334	-	-	108,334
Other government grants	-	-	-	-	-
	<u>106,016</u>	<u>108,334</u>	<u>2,436,970</u>	<u>615,926</u>	<u>3,267,246</u>
<u>Rental income:</u>					
Net tenant revenue	191,503	-	-	-	191,503
Tenant revenue - other	<u>11,111</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,111</u>
	<u>202,614</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>202,614</u>
<u>Other income:</u>					
Management fees	-	-	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL REVENUE</b>	<b>308,630</b>	<b>108,334</b>	<b>2,436,970</b>	<b>615,926</b>	<b>3,469,860</b>
<b>EXPENSES:</b>					
Housing assistance payments	-	-	2,087,792	587,390	2,675,182
<u>Administrative:</u>					
Administrative salaries	47,818	-	173,876	15,679	237,373
Auditing fees	4,097	-	2,094	638	6,829
Employee benefit contributions - administrative	27,986	-	62,746	5,001	95,733
Other operating - administrative	<u>15,514</u>	<u>-</u>	<u>80,377</u>	<u>508</u>	<u>96,399</u>
	<u>95,415</u>	<u>-</u>	<u>319,093</u>	<u>21,826</u>	<u>436,334</u>
<u>Maintenance and operations:</u>					
Labor	34,872	-	2,385	2,353	39,610
Materials and Other	22,566	-	3,525	4	26,095
Contract costs	27,699	-	3,117	-	30,816
Protective services - other contract costs	-	-	-	-	-
Extraordinary maintenance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>85,137</u>	<u>-</u>	<u>9,027</u>	<u>2,357</u>	<u>96,521</u>
<u>Utilities:</u>					
Water	5,776	-	-	-	5,776
Electricity	43,342	-	-	-	43,342
Gas	26,551	-	-	-	26,551
Other	<u>6,544</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,544</u>
	<u>82,213</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82,213</u>
<u>General Expenses:</u>					
Insurance premiums	10,218	-	5,637	915	16,770
Payments in lieu of taxes	11,687	-	-	-	11,687
Bad debt - tenant rent	1,738	-	-	-	1,738
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>23,643</u>	<u>-</u>	<u>5,637</u>	<u>915</u>	<u>30,195</u>
<b>TOTAL EXPENSES</b>	<b>286,408</b>	<b>-</b>	<b>2,421,549</b>	<b>612,488</b>	<b>3,320,445</b>
<b>NET INCOME (LOSS) FROM OPERATIONS BEFORE DEPRECIATION</b>	<b>22,222</b>	<b>108,334</b>	<b>15,421</b>	<b>3,438</b>	<b>149,415</b>
Depreciation	<u>56,521</u>	<u>-</u>	<u>2,504</u>	<u>-</u>	<u>59,025</u>
<b>NET OPERATING INCOME (LOSS)</b>	<b>(34,299)</b>	<b>108,334</b>	<b>12,917</b>	<b>3,438</b>	<b>90,390</b>
Interest income	<u>1,092</u>	<u>-</u>	<u>2,491</u>	<u>599</u>	<u>4,182</u>
<b>NET INCOME (LOSS)</b>	<b>\$ (33,207)</b>	<b>\$ 108,334</b>	<b>\$ 15,408</b>	<b>\$ 4,037</b>	<b>\$ 94,572</b>

\* State and local programs consist of Washington Place and State HAP funds.  
Please refer to auditor's report on supplemental data.

<u>STATE AND LOCAL PROGRAMS*</u>	<u>TOTAL PROGRAMS</u>	<u>ADMIN- ISTRATION FUND</u>	<u>GRAND TOTAL</u>
\$ -	\$ 3,158,912	\$ -	\$ 3,158,912
-	108,334	-	108,334
59,803	59,803	-	59,803
<u>59,803</u>	<u>3,327,049</u>	<u>-</u>	<u>3,327,049</u>
44,407	235,910	-	235,910
3,097	14,208	-	14,208
<u>47,504</u>	<u>250,118</u>	<u>-</u>	<u>250,118</u>
-	-	-	-
410	410	88,656	89,066
<u>410</u>	<u>410</u>	<u>88,656</u>	<u>89,066</u>
107,717	3,469,243	88,656	3,666,233
40,141	2,715,323	-	2,715,323
15,413	252,786	32,689	285,475
-	6,829	5,940	12,769
7,352	103,085	13,998	117,083
4,924	101,323	26,743	128,066
<u>27,689</u>	<u>464,023</u>	<u>79,370</u>	<u>543,393</u>
10,964	50,574	20,722	71,296
4,369	30,464	7,529	37,993
8,209	39,025	15,901	54,926
-	-	-	-
-	-	-	-
<u>23,542</u>	<u>120,063</u>	<u>44,152</u>	<u>164,215</u>
1,042	6,818	543	7,361
13,377	56,719	-	56,719
10,934	37,485	760	38,245
2,494	9,038	298	9,336
<u>27,847</u>	<u>110,060</u>	<u>1,601</u>	<u>111,661</u>
200	16,970	1,904	18,874
-	11,687	-	11,687
1,250	2,988	-	2,988
2,537	2,537	815	3,352
<u>3,987</u>	<u>34,182</u>	<u>2,719</u>	<u>36,901</u>
<u>123,206</u>	<u>3,443,651</u>	<u>127,842</u>	<u>3,571,493</u>
(15,489)	133,926	(39,186)	94,740
<u>3,706</u>	<u>62,731</u>	<u>30,157</u>	<u>92,888</u>
(19,195)	71,195	(69,343)	1,852
<u>289</u>	<u>4,471</u>	<u>114,149</u>	<u>118,620</u>
<u>\$ (18,906)</u>	<u>\$ 75,666</u>	<u>\$ 44,806</u>	<u>\$ 120,472</u>

**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF MODERNIZATION COSTS - COMPLETED**  
**Year Ended June 30, 2003**

1. The total amount of modernization costs of the completed comprehensive grants are shown below:

<u>FUND DESCRIPTION</u>	<u>PROJECT NO.</u>	
	<u>OH 12 P 027 905 98</u>	<u>OH 12 P 027 906 99</u>
Funds Approved	\$ 241,000	\$ 112,110
Funds Expended	<u>241,000</u>	<u>112,110</u>
Excess (Deficiency) of Funds Approved	<u>\$ -</u>	<u>\$ -</u>
Funds Advanced	\$ 241,000	\$ 112,110
Funds Expended	<u>241,000</u>	<u>112,110</u>
Excess (Deficiency) of Funds Advanced	<u>\$ -</u>	<u>\$ -</u>

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

**MEDINA METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FEDERAL AWARDS EXPENDITURES\*  
Year Ended June 30, 2003**

<b>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE</b>	<b>FEDERAL CFDA NUMBER</b>	<b>ANNUAL CONTRIBUTION CONTRACT NO.</b>	<b>FEDERAL EXPENDITURES</b>
U.S. Department of Housing and Urban Development:			
Direct Programs:			
PHA Owned Housing:			
Operating Subsidy	14.850	C-995	\$ 106,016
Public Housing Capital Fund Program	14.872	C-995	108,334
Housing Assistance Payments Programs:			
Section 8 Project Based Cluster:			
Section 8 - New Construction	14.182	C-5030	612,488
Housing Choice Vouchers Program	14.871	C-5030	<u>2,424,053</u>
			<u>3,036,541</u>
			<u>\$ 3,250,891</u>

\*This schedule has been prepared on the accrual basis of accounting.

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*Laura J. MacDonald, CPA, Inc.  
3637 Medina Road, Suite F  
Medina, Ohio 44256*

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

To the Board of Commissioners  
Medina Metropolitan Housing Authority  
Medina, Ohio

I have audited the combined financial statements of the Medina Metropolitan Housing Authority as of and for the year ended June 30, 2003, and have issued my report thereon dated January 23, 2004. 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.

**Compliance**

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

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered the Medina Metropolitan Housing Authority'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 condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

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

Laura J. MacDonald, CPA, Inc.  
January 23, 2004

*Laura J. MacDonald, CPA, Inc.  
3637 Medina Road, Suite F  
Medina, Ohio 44256*

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

To the Board of Commissioners  
Medina Metropolitan Housing Authority  
Medina, Ohio

**Compliance**

I have audited the compliance of the Medina Metropolitan Housing Authority 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 its major federal programs in addition to the provisions of Public and Indian Housing Notice 97-30 for the year ended June 30, 2003. The Medina Metropolitan Housing Authority's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs are the responsibility of the Medina Metropolitan Housing Authority's management. My responsibility is to express an opinion on the Medina Metropolitan Housing Authority'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'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 the Medina Metropolitan Housing Authority's compliance with those requirements.

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



**Internal Control Over Compliance**

The management of the Medina Metropolitan Housing Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the Medina Metropolitan Housing Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine 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 consider to be material weaknesses.

This report is intended for the information and use of the Board of Commissioners, management, others within the Authority and federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Laura J. MacDonald, CPA, Inc.  
January 23, 2004

**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**SCHEDULE OF FINDINGS**  
**June 30, 2003**

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

Type of Financial Statement Opinion	Unqualified
Were there any material control weakness conditions reported at the financial statement level (Generally Accepted Government Auditing Standards)?	No
Were there any other reportable control weakness conditions reported at the financial statement level (Generally Accepted Government Auditing Standards)?	No
Was there any material reported noncompliance at the financial statement level (Generally Accepted Government Auditing Standards)?	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 Section 510?	No
Major Programs:	Housing Assistance Payments Program: Section 8 Cluster - Project Based (CFDA#14.182); Housing Choice Vouchers (CFDA #14.871)
Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: All others
Low Risk Auditee?	Yes

**II. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS**

NONE

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

NONE

**MEDINA METROPOLITAN HOUSING AUTHORITY  
GENERAL COMMENTS  
Year Ended June 30, 2003**

**ACTIVITIES OF THE AUTHORITY**

The Medina Metropolitan Housing Authority had 678 units in management as of June 30, 2003 as follows:

	<u>Units</u>
Public Housing:	
Project Number OH-033-001	83
Section 8 Programs:	
Project Number: OH027VO	492
Project Number: OH027NC0026	<u>84</u>
	576
Washington Place	9
State HAP	<u>10</u>
	<u>678</u>

**AUDIT ADJUSTMENTS**

Administrative Fund

dr. Accrued Interest Receivable	\$90,428	
cr. Interest Income		\$90,428

To record accrued interest income on the Brunswick Housing Development Corporation note receivable.





**Auditor of State  
Betty Montgomery**

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Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**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  
JUNE 15, 2004**