

Harrison Metropolitan Housing Authority

Financial Statements

For the Year Ended March 31, 2011



Dave Yost • Auditor of State

Board of Directors
Harrison Metropolitan Housing Authority
82450 Cadiz-Jewett Road
P.O. Box 146
Cadiz, Ohio 43907

We have reviewed the *Independent Auditors' Report* of the Harrison Metropolitan Housing Authority, Harrison County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period April 1, 2010 through March 31, 2011. 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 Harrison Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State
January 9, 2012

This page intentionally left blank.

HARRISON METROPOLITAN HOUSING AUTHORITY
AUDIT REPORT
FOR THE YEAR ENDED MARCH 31, 2011

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-11
Basic financial statements:	
Statement of Net Assets	12-13
Statement of Revenue, Expenses and Change in Net Assets	14
Statement of Cash Flows	15-16
Notes to the Basic financial statements	17-29
Supplemental Data:	
Financial Data Schedule	30-35
PHA's Statement and Certification of Actual Modernization Cost	36-37
Schedule of Expenditure of Federal Award	38
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	39-40
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	41-42
Schedule of Findings and Questioned Costs	43-44
Schedule of Prior Audit Findings	45

This page intentionally left blank.



6548 Royalton Road, Suite 104
North Royalton, Ohio 44133
Phone (440) 877-9870
Fax (440) 877-9237
sconsiglio@salcpa.com

Independent Auditors' Report

Board of Directors
Harrison Metropolitan Housing Authority

I have audited the accompanying financial statements of the business-type activities of Harrison Metropolitan Housing Authority, Ohio, as of and for the year ended March 31, 2011, which collectively comprise the Authority basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Harrison Metropolitan Housing Authority, Ohio, 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 business-type activities of the Harrison Metropolitan Housing Authority, Ohio, as of March 31, 2011, and the respective change in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated October 28, 2011, on my consideration of Harrison Metropolitan Housing Authority, Ohio's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the result of my audit.

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

My Audit was performed for the purpose of forming and opinion on the financial statements that collectively comprise the Harrison Metropolitan Housing Authority basic financial statements. 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 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 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.

Salvatore Consiglio, CPA, Inc.

October 28, 2011

HARRISON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2011

Unaudited

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

Since the MD&A is designed to focus on the current year’s activities, resulting changes and currently known facts, please read it in conjunction with the Authority’s financial statement.

FINANCIAL HIGHLIGHTS

- Net assets were \$2,624,169 and \$2,433,105 for the fiscal year ending March 31, 2011 and 2010, respectively. The Authority’s net assets increased by \$191,064 or 7.85% during 2011. This increase is reflective of the year’s activity.
- Revenues increased by \$231,333 during 2011, and were \$1,846,071 and \$1,614,738 for 2011 and 2010, respectively.
- Expenses decreased by \$26,506 during 2011, and were \$1,655,007 and \$1,681,513 for 2011 and 2010, respectively.

Authority Financial Statements

The Authority financial statements are designed to be corporate-like in that all business type activities are consolidated into columns, which add to a total for the entire Authority.

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

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

HARRISON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2011

Unaudited

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

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

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

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

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

Fund Financial Statements

The Authority consists of exclusively Enterprise Funds. Enterprise Funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting.

Many of the programs maintained by the Authority are done so as required by the Department of Housing and Urban Development. Others are segregated to enhance accountability and control.

HARRISON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2011

Unaudited

The Authority's Programs

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

Capital Fund Program (CFP) – This is the current primary funding source for the Authority's physical and management improvements. While the formula funding methodology used for the CGP was revised for the CFP, funds are still provided by formula allocation and based on size and age of your units.

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30% of household income.

State and Local Program – The State and Local Program represents the Authority's endeavors to expand operations through Enterprise Housing. Enterprise Housing consists of a duplex home owned and rented by the Authority.

USDA Rural Development – Under the USDA Rural Development Program, the Authority rents units that it owns to low-income households. The USDA Rural Development Program is operated under a contract with the USDA, and the USDA provides Operating Subsidy to enable the PHA to provide housing at a rent that is based upon 30% of adjusted gross household income.

HARRISON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2011

Unaudited

AUTHORITY STATEMENTS

Statement of Net Assets

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

TABLE 1

STATEMENT OF NET ASSETS

	<u>2011</u>	<u>2010</u>
Current Assets	\$ 735,031	\$ 501,645
Capital Assets	1,809,343	1,917,117
Noncurrent Assets	<u>936,000</u>	<u>936,000</u>
 Total Assets	 <u>\$ 3,480,374</u>	 <u>\$ 3,354,762</u>
 Current Liabilities	 \$ 116,737	 \$ 176,942
Long-Term Liabilities	<u>739,468</u>	<u>744,715</u>
 Total Liabilities	 <u>856,205</u>	 <u>921,657</u>
 Net Assets:		
Investment in Capital Assets, net of Related Debt	1,076,608	1,173,840
Restricted Net Assets	103,474	82,919
Unrestricted Net Assets	<u>1,444,087</u>	<u>1,176,346</u>
 Total Net Assets	 <u>2,624,169</u>	 <u>2,433,105</u>
 Total Liabilities and Net Assets	 <u>\$ 3,480,374</u>	 <u>\$ 3,354,762</u>

HARRISON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2011

Unaudited

Major Factors Affecting the Statement of Net Assets

During the fiscal year 2010, current assets increased by \$233,386, and current liabilities decreased by \$60,205. The change in these accounts was mainly due to the result of operations and developer fee earned.

Capital assets also changed, decreasing from \$1,917,117 to \$1,809,343. The \$107,774 decrease may be contributed primarily to a combination of total acquisitions of \$47,862, less current year depreciation of \$155,637.

Non-current assets remained the same due to no recent current year activities in the property of Bingham Terrace Limited Partnership.

The following table presents details on the change in Net Assets.

TABLE 2
CHANGE OF NET ASSETS

	Investment in Capital Assets	Restricted Net Assets	Unrestricted Net Assets
Beginning Balance - March 31, 2010	\$1,173,840	\$82,919	\$1,176,346
Results of Operation	0	20,555	170,509
Adjustments:			
Current year Depreciation Expense (1)	(155,637)	0	155,637
Capital Expenditure (2)	47,862	0	(47,862)
Current year Debt Activities, Net	10,542	0	(10,542)
Rounding Adjustment	1	0	(1)
Ending Balance - March 31, 2011	<u>\$1,076,608</u>	<u>\$103,474</u>	<u>\$1,444,087</u>

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Net Assets provides a clearer presentation of financial position.

The following schedule compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged only in Business-Type Activities.

HARRISON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2011

Unaudited

TABLE 3

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	<u>2011</u>	<u>2010</u>
<u>Revenues</u>		
Total Tenant Revenues	\$ 235,142	\$ 232,191
Operating Subsidies	1,127,930	1,105,330
Capital Grants	47,862	50,790
Investment Income	623	6,936
Other Revenues	<u>434,514</u>	<u>219,491</u>
Total Revenues	<u>1,846,071</u>	<u>1,614,738</u>
 <u>Expenses</u>		
Administrative	319,301	354,035
Tenant Services	1,592	0
Utilities	75,596	71,339
Maintenance	216,991	191,938
General and Interest Expenses	55,358	75,925
Housing Assistance Payments	830,532	821,196
Depreciation	155,637	166,726
Casualty Loss	<u>0</u>	<u>354</u>
Total Expenses	<u>1,655,007</u>	<u>1,681,513</u>
Net Increases (Decreases)	<u>\$ 191,064</u>	<u>\$ (66,775)</u>

**MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUE,
EXPENSES AND CHANGES IN NET ASSETS**

Tenant revenue increased \$2,951 during 2011 in comparison to 2010. This increase was mainly due to working families living at the units and paying rent. Operating subsidy increased by \$22,600 while capital grants funds decreased by \$2,928. The increase in operating subsidy is due to the additional funding received for the housing choice voucher program.

HARRISON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2011

Unaudited

**MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUE,
EXPENSES AND CHANGES IN NET ASSETS (continued)**

Total expenses decreased by \$26,506 in comparison with prior year. The decrease was mainly due to decrease in administration expenses. The decrease in administration expenses was mainly due to a decrease in office expenses by admin staff.

CAPITAL ASSETS

Capital Assets

As of year-end, the Authority had \$1,809,343 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of \$107,774 or 5.62% from the end of last year.

TABLE 4

CAPITAL ASSETS AT YEAR-END (NET OF DEPRECIATION)

	<u>2011</u>	<u>2010</u>
Land and Land Rights	\$ 140,679	\$ 140,679
Buildings	4,778,927	4,749,487
Equipment	245,490	245,490
Accumulated Depreciation	(3,379,464)	(3,223,828)
Construction in Progress	<u>23,711</u>	<u>5,289</u>
 Total	 <u>\$ 1,809,343</u>	 <u>\$ 1,917,117</u>

The following reconciliation shown in Table 5 identifies the change in Capital Assets.

HARRISON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2011

Unaudited

TABLE 5

CHANGE IN CAPITAL ASSETS

Beginning Balance - March 31, 2010	\$	1,917,117
Current year Additions		47,862
Current year Depreciation Expense		(155,637)
Rounding		<u>1</u>
Ending Balance - March 31, 2011	\$	<u><u>1,809,343</u></u>
Current year Additions are summarized as follows:		
- Deck and Sidewalk	\$	15,048
- Roof replacement		29,439
- Floors		<u>3,375</u>
Total 2011 Additions	\$	<u><u>47,862</u></u>

Debt Outstanding

As of year-end, the Authority has \$732,735 in debt (mortgages) outstanding compared to \$743,277 last year.

TABLE 6

CONDENSED STATEMENT OF CHANGES IN DEBT OUTSTANDING

Beginning Balance - March 31, 2010	\$	743,277
Current Year Principal Payments		<u>(10,542)</u>
Ending Balance - March 31, 2011	\$	<u><u>732,735</u></u>

HARRISON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2011

Unaudited

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income

IN CONCLUSION

Harrison Metropolitan Housing Authority takes great pride in its financial management and is pleased to report on the sound financial condition of the Authority.

FINANCIAL CONTACT

The individual to be contacted regarding this report is Danielle Manbeck, Finance Officer of the Harrison Metropolitan Housing Authority. Specific requests may be submitted to Danielle Manbeck, Finance Officer, Harrison Metropolitan Housing Authority, and P.O. Box 146 Cadiz, OH 43907

HARRISON METROPOLITAN HOUSING AUTHORITY
Statement of Net Assets
Proprietary Funds
March 31, 2011

ASSETS

Current assets

Cash and cash equivalents	\$535,885
Restricted cash and cash equivalents	126,860
Receivables, net	31,438
Prepaid expenses and other assets	40,848
Total current assets	<u>735,031</u>

Noncurrent assets

Capital assets:	
Land	140,679
Building and equipment	5,024,417
Construction in Progress	23,711
Less accumulated depreciation	<u>(3,379,464)</u>
Capital assets, net	1,809,343
Other noncurrent assets	<u>936,000</u>
Total noncurrent assets	<u>2,745,343</u>
Total assets	<u><u>\$3,480,374</u></u>

LIABILITIES

Current liabilities

Accounts payable	\$6,624
Accrued liabilities	57,217
Intergovernmental payables	10,516
Tenant security deposits	23,386
Deferred revenue	4,753
Bonds, notes, and loans payable - current	<u>14,241</u>
Total current liabilities	<u>116,737</u>

Noncurrent liabilities

Bonds, notes, and loans payable	718,494
Accrued compensated absences non-current	<u>20,974</u>
Total noncurrent liabilities	<u>739,468</u>
Total liabilities	<u><u>\$856,205</u></u>

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

HARRISON METROPOLITAN HOUSING AUTHORITY
Statement of Net Assets
Proprietary Funds
March 31, 2011

NET ASSETS

Invested in capital assets, net of related debt	\$1,076,608
Restricted net assets	103,474
Unrestricted net assets	1,444,087
Total net assets	<u><u>\$2,624,169</u></u>

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

HARRISON METROPOLITAN HOUSING AUTHORITY
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended March 31, 2011

OPERATING REVENUES

Tenant Revenue	\$235,142
Government operating grants	1,127,930
Other revenue	434,514
Total operating revenues	<u>1,797,586</u>

OPERATING EXPENSES

Administrative	319,301
Tenant Services	1,592
Utilities	75,596
Maintenance	216,991
General	43,122
Housing assistance payment	830,532
Depreciation	155,637
Total operating expenses	<u>1,642,771</u>
Operating income (loss)	<u>154,815</u>

NONOPERATING REVENUES (EXPENSES)

Interest and investment revenue	623
Capital grant revenue	47,862
Interest expense	(12,236)
Casualty Loss	0
Total nonoperating revenues (expenses)	<u>36,249</u>
Change in net assets	191,064
Total net assets - beginning	2,433,105
Total net assets - ending	<u><u>\$2,624,169</u></u>

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

HARRISON METROPOLITAN HOUSING AUTHORITY
Statement of Cash Flows
Proprietary Funds
For the Year Ended March 31, 2011

CASH FLOWS FROM OPERATING ACTIVITIES

Operating grants received	\$1,127,930
Tenant revenue received	213,788
Other revenue received	434,514
General and administrative expenses paid	(713,539)
Housing assistance payments	(830,532)
	<u>232,161</u>
Net cash provided (used) by operating activities	<u>232,161</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest earned received	623
	<u>623</u>
Net cash provided (used) by investing activities	<u>623</u>

CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES

Capital grant received	47,862
Property and equipment purchased	(47,862)
Interest Payment	(12,236)
Principal Payment	(10,542)
	<u>(22,778)</u>
Net cash provided (used) by financing activities	<u>(22,778)</u>
Net increase (decrease) in cash	210,006
Cash and cash equivalents - Beginning of year	452,739
	<u>452,739</u>
Cash and cash equivalents - End of year	<u>\$662,745</u>

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

HARRISON METROPOLITAN HOUSING AUTHORITY
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended March 31, 2011

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

Net Operating Income (Loss)	\$154,815
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities	
- Depreciation	155,637
- (Increases) Decreases in Accounts Receivable	(21,354)
- (Increases) Decreases in Prepaid Assets	(2,026)
- Increases (Decreases) in Accounts Payable	(1,780)
- Increases (Decreases) in Intergovernmental Payables	(26,862)
- Increases (Decreases) in Accrued Expenses Payable	(15,505)
- Increases (Decreases) in Compensated Absence Payable	5,235
- Increases (Decreases) in Deferred Revenue	144
- Increases (Decreases) in Tenant Security Deposits	436
- Increases (Decreases) in Other Payables	<u>(16,579)</u>
Net cash provided by operating activities	<u><u>\$232,161</u></u>

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

HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

The basic financial statements of the Harrison 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 Harrison 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 basic 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.

HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011
(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.

Basis of Presentation

The Authority's basic financial statements consist of a statement of net assets, a statement of revenue, expenses and changes net assets, and a statement of cash flows.

Fund Accounting

The Authority uses the proprietary fund to report on its financial position and the results of its. 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.

HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus/Basis of Accounting

The proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. Pursuant to GASB Statement No. 20 Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting, the Authority follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

Description of programs

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

A. **Public Housing Program**

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

B. **Capital Fund Program**

The Capital Fund Program provides funds annually, via a formula, to Public Housing Agencies for capital and management activities, including modernization and development housing.

C. **Housing Choice Voucher Program**

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

D. **State / Local**

The State and Local Program represents the Authority's endeavors to expand operations through Enterprise Housing. Enterprise Housing consists of a duplex home owned and rented by the Authority. It also includes an activity for management of a multi-family project, Bingham Terrace.

HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. USDA Rural Development

Under the USDA Rural Development Program, the Authority rents units that it owns to low-income households. The USDA Rural Development Program is operated under a contract with the United State Department of Agricultural, and the USDA provides Operating Subsidy to enable the PHA to provide housing at a rent that is based upon 30% of adjusted gross household income.

Investments

The provisions of the HUD Regulations restrict investments. Investments are valued at market value. Interest income earned in fiscal year ending March 31, 2011 totaled \$623.

Capital Assets

Capital assets are stated at cost. The capitalization policy of the Authority is to depreciate all non-expendable personal property having a useful life of more than one year and purchase price of \$250 or more per unit. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings	40 year
Buildings Improvements	15 years
Furniture, equipment and machinery	5-7 years

Net Assets

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

Operating Revenues and Expenses

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

Capital Contributions

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

HARRISON METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2011
 (CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	Current Accrued Compensated Absence	Long-Term Accrued Compensated Absence	Total Accrued Compensated Absence
Public Housing	\$7,067	\$15,760	\$22,827
Section 8	12,403	5,214	17,617
Total	\$19,470	\$20,974	\$40,444

HARRISON METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2011
 (CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following is a summary of the change in compensated absence liability:

	Balance <u>3/31/10</u>	<u>Increase</u>	<u>Decrease</u>	Balance <u>3/31/11</u>	Due Within <u>One Year</u>
Compensated Absence Liability	\$64,098	\$12,137	(\$35,791)	\$40,444	\$19,470

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: DEPOSITS AND INVESTMENTS

Deposits

State statutes classify monies held by the Authority into three categories.

- A. Active deposits are public deposits necessary to meet demands on the treasury. Such monies must be maintained either as cash in the Authority's treasury, in commercial accounts payable or withdrawal on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.
- B. Inactive deposits are public deposits that the Authority has identified as not required for use within the current two period of designation of depositories. Inactive deposits must either be evidenced by certificate of deposits maturing not later than the end of the current period of designation of the depositories, or by savings or deposit accounts including, but not limited to passbook accounts.

HARRISON METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2011
 (CONTINUED)

NOTE 2: DEPOSITS AND INVESTMENTS (continued)

C. Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificate of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of the Authority deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by collateral held by Authority or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

At fiscal year end March 31, 2011, the carrying amount of the Authority's deposits totaled \$662,745 and its bank balance was \$666,610. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of March 31, 2011, \$166,610 was exposed to custodial risk as discussed below, while \$500,000 was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits.

NOTE 3: RESTRICTED CASH

Restricted cash balance as of March 31, 2011 of \$105,869 represents cash on hand for the following:

- Cash held for Replacement Reserve	\$46,331
- Tenant security deposit	23,386
- Cash held for housing assistance payments	57,143
Total Restricted Cash	\$126,860

NOTE 4: 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 March 31, 2011 the Authority maintains comprehensive insurance coverage with private carriers for health, real property,

HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011
(CONTINUED)

NOTE 4: RISK MANAGEMENT (continued)

building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

Settled claims have not exceeded this coverage in any of the last three years. There has been no significant reduction in coverage from last year.

NOTE 5: CAPITAL ASSETS

The following is a summary of changes:

	Balance 3/31/2010	Adjust	Additions	Deletion	Balance 3/31/2011
Capital Assets Not Depreciated:					
Land	\$140,679	\$0	\$0	\$0	\$140,679
Construction in Progress	5,289	0	18,422	0	23,711
Total Capital Assets Not Being Depreciated	145,968	0	18,422	0	164,390
Capital Assets Being Depreciated:					
Buildings	4,749,487	0	29,440	0	4,778,927
Furnt, Mach. & Equip. – Dwelling	55,578	(4,273)	0	0	51,305
Furnt, Mach. & Equip. – Admin	189,912	4,273	0	0	194,185
Total Capital Assets Being Depreciated	4,994,977	0	29,440	0	5,024,417
Accumulated Depreciation:					
Buildings	(3,022,173)	0	0	0	(3,022,173)
Furnt, Mach. & Equip. – Dwelling	(86,973)	0	0	0	(86,973)
Furnt, Mach. & Equip. – Admin	(114,682)	0	0	0	(114,682)
Total Accumulated Depreciation	(3,223,828)	0	0	0	(3,223,828)
Total Capital Assets Being Depreciated, Net	1,771,149	0	29,440	0	1,800,589
Total Capital Assets, Net	\$1,917,117	\$0	\$47,862	\$0	\$1,964,979

HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011
(CONTINUED)

**NOTE 6: DEFINED BENEFIT PENSION PLANS -PUBLIC EMPLOYEES
RETIREMENT SYSTEM**

The Authority participates in the Ohio Public Employees Retirement System (OPERS). OPERS administer three separate pension plans as described below:

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

OPERS provide retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Direct Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issue a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2010, member and employer rates were consistent across all three plans. The member contribution rates were 10.0% for members 14.0% for employers of covered payroll. The Authority's contribution for the years ended December 31, 2011, 2010, and 2009 amounted to \$35,672, \$36,605, and \$34,517. Ninety-two percent has been contributed for 2011. All required contributions for the two previous years have been paid.

HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011
(CONTINUED)

**NOTE 7: POSTEMPLOYMENT BENEFITS PUBLIC EMPLOYEES
RETIREMENT SYSTEM**

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issue a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 1-800-222-7377.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, the Authority contributed at a rate of 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011
(CONTINUED)

**NOTE 7: POSTEMPLOYMENT BENEFITS PUBLIC EMPLOYEES
RETIREMENT SYSTEM (Continued)**

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For 2011, the employer contribution allocated to the health care plan was 5.0 percent of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Authority contributions for the year ended December 31, 2010, which were used to fund post-employment benefits, were \$14,014.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. Member and employer contribution rates increased as of January 1, 2006 to 2008. These rate increases allowed additional funds to be allocated to the health care plan.

NOTE 8: LONG TERM DEBT

Harrison Metropolitan Housing Authority has the following Mortgages outstanding as of March 31, 2011:

Dunfee Court

A first and second mortgage with the United State Department of Agriculture, Rural Housing Service for a 12 unit project.

- Original loan amount \$373,300 dated January 30, 1985. Term of the loan is 50 years with interest rate of 10.75%. The interest rate was discounted to 1%. Balance outstanding as of March 31, 2011 is \$185,479.
- Second loan amount \$23,580 dated April 25, 1985. Term of the loan is 50 years with an interest rate of 11.875%. The interest rate is discounted to 1%. Balance outstanding as of March 31, 2011 of \$12,418.

Gable Estate

United State Department of Agriculture, Rural Housing Service loan for a 16 unit project. The amount of the loan was \$541,516 dated April 21, 1993. The term of the loan is 50 years with interest rate of 7.75%, discounted to 1%. The outstanding balance as of March 31, 2011 is \$510,493.

HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011
(CONTINUED)

NOTE 8: LONG TERM DEBT (continued)

Muskingum Street Duplex

Sky Bank loan to finance the mortgage of the real property located in South Muskingum Ave. The amount of the new loan is \$42,930 with a 15 year term. The first 60 months bears an interest rate of 6.25%. Thereafter, the interest rate will change from time to time based on changes of the United States Treasury Securities adjusted to a constant maturity of five years as made available by the Federal Reserve Bank. The rate for March 31, 2011 was 4.46%. Balance outstanding on March 31, 2011 is \$24,345.

The following is a summary of change in long-term debt for the year ended March 31, 2011:

Description	Balance 3/31/10	Issued	Retired	Balance 3/31/11	Due with Year
1 st Mortgage Dunfee Court	\$193,236	\$ 0	\$7,757	\$185,479	\$7,638
2 nd Mortgage Dunfee Court	12,901	0	483	12,418	475
Gable Estate	510,752	0	259	510,493	3,682
Muskingum Duplex	26,388	0	2,043	24,345	2,446
TOTAL	\$743,277	\$ 0	\$10,542	\$732,735	\$14,241

Debt maturities for the next five years are as follows:

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
March 31, 2012	\$14,241	\$6,611
2013	14,138	6,714
2014	14,429	6,723
2015	14,728	6,124
2016	15,034	5,818
2017-2021	88,307	24,280
2022-2026	93,090	17,113
2027-2031	117,770	11,561
2032-2036	118,743	6,310
2037-2041	149,102	2,890
2042-2046	93,153	214
Total	\$732,735	\$94,358

HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011
(CONTINUED)

NOTE 9: 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.

NOTE 10: NOTE AND INTEREST RECEIVABLE

The Note and Interest receivable amount of \$936,000 on the financial statements represent security interest in the partnership property of Bingham Terrace Limited Partnership. Interest is accrued semiannually at 7.15%. The principal and accrued interest matured on April 1, 2007. In June of 2008, the property was sold to a new owner. As part of the sale, Harrison MHA had to restate the note.

NOTE 11: CONTINGENCIES

A. Grants

The Authority received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Authority at March 31, 2011.

B. Litigation

There are currently no matters in litigation with the Authority as defendant.

HARRISON METROPOLITAN HOUSING AUTHORITY (OH067)

CADIZ, OH

Financial Data Schedule

Fiscal Year Ending March 31, 2011

	Project Total	14.871 Housing Choice Vouchers	2 State/Local	10.415 Rural Rental Housing Loans	14.885 Formula Capital Fund Stimulus Grant	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$211,806	\$54,036	\$254,719	\$15,324	\$0	\$535,885	\$0	\$535,885
113 Cash - Other Restricted	\$0	\$57,143	\$0	\$46,331	\$0	\$103,474	\$0	\$103,474
114 Cash - Tenant Security Deposits	\$11,014	\$0	\$2,205	\$10,167	\$0	\$23,386	\$0	\$23,386
100 Total Cash	\$222,820	\$111,179	\$256,924	\$71,822	\$0	\$662,745	\$0	\$662,745
125 Accounts Receivable - Miscellaneous	\$26,653	\$0	\$0	\$1,006	\$0	\$27,659	\$0	\$27,659
126 Accounts Receivable - Tenants	\$75	\$0	\$0	\$3,704	\$0	\$3,779	\$0	\$3,779
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$26,728	\$0	\$0	\$4,710	\$0	\$31,438	\$0	\$31,438
142 Prepaid Expenses and Other Assets	\$23,587	\$0	\$13,867	\$3,394	\$0	\$40,848	\$0	\$40,848
144 Inter Program Due From	\$61,034	\$0	\$19,068	\$0	\$0	\$80,102	(\$80,102)	\$0
150 Total Current Assets	\$334,169	\$111,179	\$289,859	\$79,926	\$0	\$815,133	(\$80,102)	\$735,031
161 Land	\$75,202	\$0	\$3,500	\$61,977	\$0	\$140,679	\$0	\$140,679
162 Buildings	\$3,654,791	\$0	\$61,393	\$1,062,743	\$0	\$4,778,927	\$0	\$4,778,927
163 Furniture, Equipment & Machinery - Dwellings	\$51,305	\$0	\$0	\$0	\$0	\$51,305	\$0	\$51,305
164 Furniture, Equipment & Machinery - Administration	\$167,780	\$0	\$13,729	\$12,676	\$0	\$194,185	\$0	\$194,185
166 Accumulated Depreciation	(\$2,788,677)	\$0	(\$30,529)	(\$560,258)	\$0	(\$3,379,464)	\$0	(\$3,379,464)
167 Construction in Progress	\$23,711	\$0	\$0	\$0	\$0	\$23,711	\$0	\$23,711
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,184,112	\$0	\$48,093	\$577,138	\$0	\$1,809,343	\$0	\$1,809,343
171 Notes, Loans and Mortgages	\$0	\$0	\$936,000	\$0	\$0	\$936,000	\$0	\$936,000

HARRISON METROPOLITAN HOUSING AUTHORITY (OH067)

CADIZ, OH

Financial Data Schedule

Fiscal Year Ending March 31, 2011

	Project Total	14,871 Housing Choice Vouchers	2 State/Local	10,415 Rural Rental Housing Loans	14,885 Formula Capital Fund Stimulus Grant	Subtotal	ELIM	Total
Receivable - Non-Current								
180 Total Non-Current Assets	\$1,184,112	\$0	\$984,093	\$577,138	\$0	\$2,745,343	\$0	\$2,745,343
190 Total Assets	\$1,518,281	\$111,179	\$1,273,952	\$657,064	\$0	\$3,560,476	(\$80,102)	\$3,480,374
312 Accounts Payable <= 90 Days	\$4,360	\$0	\$2,264	\$0	\$0	\$6,624	\$0	\$6,624
321 Accrued Wage/Payroll Taxes Payable	\$0	\$0	\$37,747	\$0	\$0	\$37,747	\$0	\$37,747
322 Accrued Compensated Absences - Current Portion	\$7,067	\$12,403	\$0	\$0	\$0	\$19,470	\$0	\$19,470
333 Accounts Payable - Other Government	\$10,516	\$0	\$0	\$0	\$0	\$10,516	\$0	\$10,516
341 Tenant Security Deposits	\$11,014	\$0	\$2,205	\$10,167	\$0	\$23,386	\$0	\$23,386
342 Deferred Revenues	\$4,659	\$0	\$0	\$94	\$0	\$4,753	\$0	\$4,753
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$0	\$0	\$2,446	\$11,795	\$0	\$14,241	\$0	\$14,241
347 Inter Program - Due To	\$0	\$15,261	\$49,000	\$15,841	\$0	\$80,102	(\$80,102)	\$0
310 Total Current Liabilities	\$37,616	\$27,664	\$93,662	\$37,897	\$0	\$196,839	(\$80,102)	\$116,737
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0	\$0	\$21,899	\$696,595	\$0	\$718,494	\$0	\$718,494
354 Accrued Compensated Absences - Non Current	\$15,760	\$5,214	\$0	\$0	\$0	\$20,974	\$0	\$20,974
350 Total Non-Current Liabilities	\$15,760	\$5,214	\$21,899	\$696,595	\$0	\$739,468	\$0	\$739,468
300 Total Liabilities	\$53,376	\$32,878	\$115,561	\$734,492	\$0	\$936,307	(\$80,102)	\$856,205

HARRISON METROPOLITAN HOUSING AUTHORITY (OH067)

CADIZ, OH

Financial Data Schedule

Fiscal Year Ending March 31, 2011

	Project Total	14.871 Housing Choice Vouchers	2 State/Local	10.415 Rural Rental Housing Loans	14.885 Formula Capital Fund Stimulus Grant	Subtotal	ELIM	Total
508.1 Invested In Capital Assets, Net of Related Debt	\$1,184,112	\$0	\$23,748	(\$131,252)	\$0	\$1,076,608	\$0	\$1,076,608
511.1 Restricted Net Assets	\$0	\$57,143	\$0	\$46,331	\$0	\$103,474	\$0	\$103,474
512.1 Unrestricted Net Assets	\$280,793	\$21,158	\$1,134,643	\$7,493	\$0	\$1,444,087	\$0	\$1,444,087
513 Total Equity/Net Assets	\$1,464,905	\$78,301	\$1,158,391	(\$77,428)	\$0	\$2,624,169	\$0	\$2,624,169
600 Total Liabilities and Equity/Net Assets	\$1,518,281	\$111,179	\$1,273,952	\$657,064	\$0	\$3,560,476	(\$80,102)	\$3,480,374
70300 Net Tenant Rental Revenue	\$154,176	\$0	\$6,981	\$65,434	\$0	\$226,591	\$0	\$226,591
70400 Tenant Revenue - Other	\$1,514	\$0	\$0	\$7,037	\$0	\$8,551	\$0	\$8,551
70500 Total Tenant Revenue	\$155,690	\$0	\$6,981	\$72,471	\$0	\$235,142	\$0	\$235,142
70600 HUD PHA Operating Grants	\$76,760	\$1,012,701	\$0	\$0	\$0	\$1,089,461	\$0	\$1,089,461
70610 Capital Grants	\$18,423	\$0	\$0	\$0	\$29,439	\$47,862	\$0	\$47,862
70800 Other Government Grants	\$0	\$0	\$0	\$38,469	\$0	\$38,469	\$0	\$38,469
71100 Investment Income - Unrestricted	\$340	\$0	\$132	\$151	\$0	\$623	\$0	\$623
71400 Fraud Recovery	\$0	\$14,107	\$0	\$0	\$0	\$14,107	\$0	\$14,107
71500 Other Revenue	\$5,112	\$0	\$415,245	\$50	\$0	\$420,407	\$0	\$420,407
70000 Total Revenue	\$256,325	\$1,026,808	\$422,358	\$111,141	\$29,439	\$1,846,071	\$0	\$1,846,071
91100 Administrative Salaries	\$40,517	\$65,179	\$27,322	\$0	\$0	\$133,018	\$0	\$133,018
91200 Auditing Fees	\$1,441	\$0	\$9,120	\$1,104	\$0	\$11,665	\$0	\$11,665
91400 Advertising and Marketing	\$0	\$0	\$75	\$421	\$0	\$496	\$0	\$496

HARRISON METROPOLITAN HOUSING AUTHORITY (OH067)

CADIZ, OH

Financial Data Schedule

Fiscal Year Ending March 31, 2011

	Project Total	14.871 Housing Choice Vouchers	2 State/Local	10.415 Rural Rental Housing Loans	14.885 Formula Capital Fund Stimulus Grant	Subtotal	ELIM	Total
91500 Employee Benefit contributions - Administrative	\$25,759	\$18,627	\$8,673	\$0	\$0	\$53,059	\$0	\$53,059
91600 Office Expenses	\$3,137	\$0	\$12,073	\$2,035	\$0	\$17,245	\$0	\$17,245
91700 Legal Expense	\$177	\$0	\$50	\$0	\$0	\$227	\$0	\$227
91800 Travel	\$1,572	\$0	\$1,649	\$0	\$0	\$3,221	\$0	\$3,221
91900 Other	\$9,434	\$58,220	\$12,183	\$20,533	\$0	\$100,370	\$0	\$100,370
91000 Total Operating - Administrative	\$82,037	\$142,026	\$71,145	\$24,093	\$0	\$319,301	\$0	\$319,301
92400 Tenant Services - Other	\$1,592	\$0	\$0	\$0	\$0	\$1,592	\$0	\$1,592
92500 Total Tenant Services	\$1,592	\$0	\$0	\$0	\$0	\$1,592	\$0	\$1,592
93100 Water	\$9,639	\$0	\$3,942	\$14,524	\$0	\$28,105	\$0	\$28,105
93200 Electricity	\$43,050	\$0	\$0	\$3,826	\$0	\$46,876	\$0	\$46,876
93300 Gas	\$0	\$0	\$0	\$615	\$0	\$615	\$0	\$615
93000 Total Utilities	\$52,689	\$0	\$3,942	\$18,965	\$0	\$75,596	\$0	\$75,596
94100 Ordinary Maintenance and Operations - Labor	\$31,633	\$0	\$51,353	\$9,245	\$0	\$92,231	\$0	\$92,231
94200 Ordinary Maintenance and Operations - Materials and Other	\$16,631	\$0	\$0	\$14,968	\$0	\$31,599	\$0	\$31,599
94300 Ordinary Maintenance and Operations Contracts	\$18,629	\$0	\$1,598	\$36,193	\$0	\$56,420	\$0	\$56,420
94500 Employee Benefit Contributions - Ordinary Maintenance	\$15,079	\$0	\$21,662	\$0	\$0	\$36,741	\$0	\$36,741
94000 Total Maintenance	\$81,972	\$0	\$74,613	\$60,406	\$0	\$216,991	\$0	\$216,991

HARRISON METROPOLITAN HOUSING AUTHORITY (OH067)

CADIZ, OH

Financial Data Schedule

Fiscal Year Ending March 31, 2011

	Project Total	14.871 Housing Choice Vouchers	2 State/Local	10.415 Rural Rental Housing Loans	14.885 Formula Capital Fund Stimulus Grant	Subtotal	ELIM	Total
96110 Property Insurance	\$18,532	\$0	\$1,333	\$8,336	\$0	\$28,201	\$0	\$28,201
96130 Workmen's Compensation	\$0	\$0	\$0	\$192	\$0	\$192	\$0	\$192
96140 All Other Insurance	\$2,592	\$0	\$0	\$0	\$0	\$2,592	\$0	\$2,592
96100 Total insurance Premiums	\$21,124	\$0	\$1,333	\$8,528	\$0	\$30,985	\$0	\$30,985
96210 Compensated Absences	\$11,343	\$794	\$0	\$0	\$0	\$12,137	\$0	\$12,137
96000 Total Other General Expenses	\$11,343	\$794	\$0	\$0	\$0	\$12,137	\$0	\$12,137
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$0	\$1,304	\$10,932	\$0	\$12,236	\$0	\$12,236
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$1,304	\$10,932	\$0	\$12,236	\$0	\$12,236
96900 Total Operating Expenses	\$250,757	\$142,820	\$152,337	\$122,924	\$0	\$668,838	\$0	\$668,838
97000 Excess of Operating Revenue over Operating Expenses	\$5,568	\$883,988	\$270,021	(\$11,783)	\$29,439	\$1,177,233	\$0	\$1,177,233
97300 Housing Assistance Payments	\$0	\$830,532	\$0	\$0	\$0	\$830,532	\$0	\$830,532
97400 Depreciation Expense	\$124,630	\$0	\$2,112	\$28,895	\$0	\$155,637	\$0	\$155,637
90000 Total Expenses	\$375,387	\$973,352	\$154,449	\$151,819	\$0	\$1,655,007	\$0	\$1,655,007
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(\$119,062)	\$53,456	\$267,909	(\$40,678)	\$29,439	\$191,064	\$0	\$191,064

HARRISON METROPOLITAN HOUSING AUTHORITY (OH067)

CADIZ, OH

Financial Data Schedule

Fiscal Year Ending March 31, 2011

	Project Total	14.871 Housing Choice Vouchers	2 State/Local	10.415 Rural Rental Housing Loans	14.885 Formula Capital Fund Stimulus Grant	Subtotal	ELIM	Total
11030 Beginning Equity	\$1,554,528	\$24,845	\$890,482	(\$36,750)	\$0	\$2,433,105	\$0	\$2,433,105
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$29,439	\$0	\$0	\$0	(\$29,439)	\$0	\$0	\$0
Ending Equity	\$1,464,905	\$78,301	\$1,158,391	(\$77,428)	\$0	\$2,624,169	\$0	\$2,624,169
11020 Required Annual Debt Principal Payments	\$0	\$0	\$3,055	\$11,265	\$0	\$14,320	\$0	\$14,320
11170 Administrative Fee Equity	\$0	\$21,158	\$0	\$0	\$0	\$21,158	\$0	\$21,158
11180 Housing Assistance Payments Equity	\$0	\$57,143	\$0	\$0	\$0	\$57,143	\$0	\$57,143
11190 Unit Months Available	600	3,180	24	336	0	4,140	0	4,140
11210 Number of Unit Months Leased	598	3,016	20	331	0	3,965	0	3,965
11650 Leasehold Improvements Purchases	\$47,862	\$0	\$0	\$0	\$0	\$47,862	\$0	\$47,862

Harrison Metropolitan Housing Authority
PHA's Statement and Certification of Actual Modernization Cost
March 31, 2011

Capital Fund Program Number OH12P067501-07

1. The Program Costs are as follows:

Funds Approved	\$56,627
Funds Expended	<u>56,627</u>
Excess (Deficiency) of Funds Approved	<u>\$ -0-</u>
Funds Advanced	\$56,627
Funds Expended	<u>56,627</u>
Excess (Deficiency) of Funds Advanced	<u>\$ -0-</u>

2. All costs have been paid and there are no outstanding obligations.
3. The Final Financial Status Report was signed and filed on March 15, 2011.
4. The final costs on the certification agree to the Authority's records.

Harrison Metropolitan Housing Authority
PHA's Statement and Certification of Actual Modernization Cost
March 31, 2011

Capital Fund Program Number OH12P067501-08

5. The Program Costs are as follows:

Funds Approved	\$61,601
Funds Expended	<u>61,601</u>
Excess (Deficiency) of Funds Approved	<u>\$ -0-</u>
Funds Advanced	\$61,601
Funds Expended	<u>61,601</u>
Excess (Deficiency) of Funds Advanced	<u>\$ -0-</u>

6. All costs have been paid and there are no outstanding obligations.

7. The Final Financial Status Report was signed and filed on June 7, 2010.

The final costs on the certification agree to the Authority's records.

Harrison Metropolitan Housing Authority
Schedule of Expenditures of Federal Award
For the year ended March 31, 2011

FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES	CFDA NUMBER	EXPENDITURES
U.S. Department of Housing and Urban Development Direct Program		
Low Rent Public Housing	14.850a	\$53,072
Housing Choice Voucher Program	14.871	1,012,701
Public Housing Capital Fund Program - Cluster		
- Public Housing Capital Fund Program	14.872	42,111
- Capital Fund Stimulus (Formula) Grant	14.885	<u>29,439</u>
Total Public Housing Capital Fund Program - Cluster		<u>71,550</u>
Total U.S. Department of Housing and Urban Development		<u>1,137,323</u>
 U.S. Department of Agriculture - Rural Housing Service Direct Program		
Rural Rental Housing Loan	10.415	<u>38,469</u>
Total U.S. Department of Agriculture		<u>38,469</u>
Total Expenditure of Federal Award		<u><u>\$1,175,792</u></u>



6548 Royalton Road, Suite 104
North Royalton, Ohio 44133
(440)877-9870
(440) 877-9237
sconsiglio@salcpa.com

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

Board of Commissioners
Harrison Metropolitan Housing Authority

I have audited the financial statements of the business-type activities of Harrison Metropolitan Housing Authority, Ohio, as of and for the year ended March 31, 2011, which collectively comprise the Harrison Metropolitan Housing Authority, Ohio, basic financial statements and have issued my report thereon dated October 28, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Harrison Metropolitan Housing Authority, Ohio's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but no for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above. However, I have identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as number 2011-HMHA-1 that I consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Harrison Metropolitan Housing Authority financial statements are free of material misstatement, I performed tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements 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 result of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

I noted certain matters that I have reported to management of Adams Metropolitan Housing Authority in a separate letter dated October 28, 2011.

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

Salvatore Consiglio, CPA, Inc.
October 28, 2011



6548 Royalton Road, Suite 104
North Royalton, Ohio 44133
(440)877-9870
(440) 877-9237
sconsiglio@salcpa.com

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

Board of Commissioners
Harrison Metropolitan Housing Authority

Compliance

I have audited the compliance of the Harrison 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 March 31, 2011. Harrison 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 Harrison Metropolitan Housing Authority, Ohio's management. My responsibility is to express an opinion on Harrison 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 Harrison 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 Harrison Metropolitan Housing Authority, Ohio's compliance with those requirements.

In my opinion, Harrison Metropolitan Housing Authority, Ohio complied, in all material respects, with the requirements referred to above that are applicable with each of its major federal programs for the year ended March 31, 2011.

Internal Control Over Compliance

The management of Harrison 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 Harrison 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the entity's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

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

Salvatore Consiglio, CPA, Inc.
October 28, 2011

Harrison Metropolitan Housing Authority
 Schedule of Findings and Questioned Costs
 OMB Circular A-133 § .505
 March 31, 2011

1. SUMMARY OF AUDITOR'S RESULTS
--

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

This page intentionally left blank.

Harrison Metropolitan Housing Authority
Schedule of Findings and Questioned Costs
OMB Circular A-133 § .505
March 31, 2011

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED
TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER	2011-HMHA-1
----------------	-------------

Significant Deficiency – Financial Statements

Condition:

Audit procedures over cash revealed that the bank reconciliations were not reconciled to the financial statements. After further audit procedures it was discovered that the beginning balances in the detail general ledger did not match prior year audited ending balances. This resulted in the housing authority to have to re-enter all of the transaction for the fiscal year to ascertain that financial statements reported were fairly stated.

Criteria:

Management is responsible to ascertain that proper controls exist to allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

Effect:

Financial statements are not fairly stated.

Cause:

The housing authority was having problems with its computer system. The accounting records had to be re-installed from a backup tape. The data in the back tape used was either corrupted or the wrong tape was used.

Recommendation:

Financial statements need to be reviewed and compared to subsidiary ledger to ascertain its accuracy.

Corrective Action Plan:

Recommendation will be implemented

Anticipated Completion Date: March 31, 2011
Responsible Person: Finance Manager

3. FINDINGS RELATED TO FEDERAL AWARDS

There are no Findings or questioned costs for the year ended March 31, 2011.

Harrison Metropolitan Housing Authority
Schedule of Prior Audit Findings
March 31, 2011

The audit report for the fiscal year ending March 31, 2009 contained no audit finding.



Dave Yost • Auditor of State

HARRISON METROPOLITAN HOUSING AUTHORITY

HARRISON 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
JANUARY 19, 2012**