



OHIO AUDITOR OF STATE
KEITH FABER



**BROWN METROPOLITAN HOUSING AUTHORITY
BROWN COUNTY
MARCH 31, 2023**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Brown Metropolitan Housing Authority
Brown County
406 W. Plum Street
Georgetown, Ohio 45121

To the Board of Directors:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Brown Metropolitan Housing Authority, Brown County, Ohio (Authority), as of and for the year ended March 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Brown Metropolitan Housing Authority, Brown County, Ohio as of March 31, 2023, and the changes in financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements.

The Financial Data Schedules required by the Department of Housing and Urban Development are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Financial Data Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2023, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio
November 6, 2023

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**BROWN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
Year Ended March 31, 2023**

Unaudited

It is a privilege to present for you the financial picture of Brown Metropolitan Housing Authority. The Brown Metropolitan Housing Authority’s (the “Authority”) management’s discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority’s financial activity, (c) identify changes in the Authority’s financial position (its ability to address the next and subsequent year challenges), and (d) identify the single enterprise fund issues or concerns.

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

FINANCIAL HIGHLIGHTS

- The revenue increased by \$22,914 during 2023. Total revenues were \$380,321 and \$403,235 for 2022 and 2023, respectively.
- The total expenses increased by \$47,469. Total expenses were \$391,967 and \$439,436 for 2022 and 2023, respectively.

USING THIS ANNUAL REPORT

The focus is on the Authority as a single enterprise fund. This format will allow the user to address relevant questions, broaden a basis for comparison (year to year or Authority to Authority) and enhance the Authority’s accountability.

MD&A ~ Management’s Discussion and Analysis ~
Basic Financial Statements ~ Statement of Net Position ~ ~ Statement of Revenues, Expenses and Change in Net Position ~ ~ Statement of Cash Flows ~ ~ Notes to the Basic Financial Statements ~
Supplementary Information ~ Financial Data Schedules ~ ~ Actual Modernization Costs ~

**BROWN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
Year Ended March 31, 2023**

Unaudited

BASIC FINANCIAL STATEMENTS

The basic financial statements are designed to be corporate-like in that all business-type programs are consolidated into one single enterprise fund for the Authority.

These statements include a Statement of Net Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The statement is presented in the format where assets, minus liabilities, equals “Net Position”, 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 Position (the “Unrestricted Net Position”) is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Position (formerly equity) are reported in three broad categories (as applicable):

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

Unrestricted Net Position: Consists of Net Position that do not meet the definition of “Net Position Invested in Capital Assets, Net of Related Debt”, or “Restricted Net Position”. This account resembles the old operating reserves account.

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

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

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

The Authority’s programs that are consolidated into a single enterprise fund are as follows:

Project Total (Low-rent Public Housing & Capital Fund) – Under the Projects Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy to enable the PHA to provide the housing at a rent that is based upon 30% of adjusted gross household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for the Authority’s physical and management improvements. Funds are allocated by a formula allocation and based on size and age of the Authority’s units.

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority subsidizes rents to independent landlords that own the property. The Authority subsidizes the family’s rent through a Housing Assistance Payment (HAP) made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides funding to enable the Authority to structure a lease that requires the participant to pay a rent based on a percentage of their adjusted gross household income, typically 30%, and the Housing Authority subsidizes the balance.

**BROWN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
Year Ended March 31, 2023**

Unaudited

BASIC FINANCIAL STATEMENTS

The following table reflects the condensed Statement of Net Position for this fiscal year compared to the prior year.

**TABLE 1
STATEMENT OF NET POSITION**

		2022	2023
Current and other assets		\$ 58,073	\$ 100,491
Capital assets		843,053	777,373
	TOTAL ASSETS	901,126	877,864
Current liabilities		9,731	22,670
	TOTAL LIABILITIES	9,731	22,670
Net Position:			
Invested in capital assets, net of related debt		843,053	777,373
Restricted net position		5,422	845
Unrestricted net position		42,920	76,976
	TOTAL NET POSITION	\$ 891,395	\$ 855,194

MAJOR FACTORS AFFECTING THE STATEMENT OF NET POSITION:

Current assets increased due to the increase in subsidy and capital funds used for operating.

Capital assets decreased due to the Authority depreciation expense.

Net position decreased due to the decrease in restricted net position and depreciation expense.

**BROWN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
Year Ended March 31, 2023**

Unaudited

The following schedule compares the revenues and expenses for the current and previous fiscal year.

**TABLE 2
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION**

		2022	2023
Revenues			
Tenant Revenue - rents		\$ 44,519	\$ 46,119
Operating subsidies and grants		253,650	334,130
Capital grants		45,170	-
Interest income/other revenues		36,982	22,986
	TOTAL REVENUE	380,321	403,235
Expenses			
Administration		61,104	74,384
Utilities		24,766	26,719
Insurance		6,534	8,109
Maintenance		57,876	56,964
General		-	-
Bad Debt		-	-
Housing assistance payments		171,966	196,066
Depreciation		69,721	77,194
	TOTAL EXPENSES	391,967	439,436
Beginning Net Position		903,041	891,395
	CHANGE IN NET POSITION	\$ (11,646)	\$ (36,201)
Ending Net Position		\$ 891,395	\$ 855,194

MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUE, EXPENSES AND CHANGE IN NET ASSETS:

Total revenue increased due to capital fund grants used for operating expenses.

**BROWN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
Year Ended March 31, 2023**

Unaudited

**TABLE 3
CHANGE IN UNRESTRICTED NET POSITION**

Unrestricted Net Position 3/31/2022		\$ 42,920
Results from operations	(31,624)	
Adjustments:		
Depreciation (1)	77,194	
Adjusted results from operations		45,570
Capital expenditures		(11,514)
Unrestricted Net Position 3/31/2023		\$ 76,976

- (1) Depreciation is treated as an expense and reduces the results of operations, but does not have an impact on Unrestricted Net Position.

**BROWN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
Year Ended March 31, 2023**

Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

As of year-end, the Authority had \$777,373 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of \$65,680 from the end of last fiscal year. See Note 5 for additional information

**TABLE 4
CAPITAL ASSETS AT YEAR-END
(NET OF DEPRECIATION)**

	2022	2023
Land and land rights	\$ 1,049	\$ 1,049
Building	2,139,280	2,150,794
Equipment - dwellings	25,303	25,303
Accumulated depreciation	(1,322,579)	(1,399,773)
TOTAL	\$ 843,053	\$ 777,373

The following reconciliation summarizes the change in Capital Assets.

**TABLE 5
CHANGE IN CAPITAL ASSETS**

BEGINNING BALANCE	\$ 843,053
Capital asset additions	11,514
Disposal of fixed asset	-
Depreciation	(77,194)
ENDING BALANCE	\$ 777,373

See Note 5 for additional information.

DEBT ADMINISTRATION

As of March 31, 2022, the Authority had no debt. There is no outstanding debt at March 31, 2023.

**BROWN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
Year Ended March 31, 2023**

Unaudited

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- **COVID-19 spread through Ohio causing the State to close down. Some businesses closed completely down and then reopened with less staff. Our tenants were affected. The Authority had to pay a larger portion of the tenants' rents. Thankfully, the tenants were able to seek assistance from COVID funded program, like CSBG CAA HRG and ARPA HRG, to help pay their back rent and current rent.**

FINANCIAL CONTACT

If you have any questions regarding this report, you may contact Samantha Patterson, Executive Director of the Brown Metropolitan Housing Authority at (937) 378-6041.

Respectfully submitted,

**Samantha Patterson
Executive Director.**

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BROWN METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET POSITION
March 31, 2023

<u>ASSETS</u>	
Current Assets	
Cash and cash equivalents	\$ 86,414.00
Cash and cash equivalents-restricted	\$ 10,120.00
Accounts receivable-net of allowance	\$ 3,957.00
TOTAL CURRENT ASSETS	\$ 100,491.00
Noncurrent Assets	
Capital Assets	
Land	\$ 1,049
Other capital assets-net	\$ 776,324
TOTAL NONCURRENT ASSETS	\$ 777,373
TOTAL ASSETS	\$ 877,864.00
<u>LIABILITIES</u>	
Current Liabilities	
Accounts payable	\$ 13,395.00
Tenant security deposits	\$ 9,275.00
TOTAL LIABILITIES	\$ 22,670.00
<u>NET POSITION</u>	
Net investment in capital assets	\$ 777,373
Restricted net position	\$ 845
Unrestricted net position	\$ 76,976
TOTAL NET POSITION	\$ 855,194

see accompanying notes to the basic financial statements

BROWN METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
Year Ended March 31, 2023

OPERATING REVENUES

HUD operating grants	\$ 334,130.00
Tenant rental revenue	\$ 46,119.00
Other revenue	<u>\$ 22,986.00</u>
TOTAL OPERATING REVENUES	\$ 403,235.00

OPERATING EXPENSES

Administrative	\$ 74,384.00
Utilities	\$ 26,719.00
Insurance	\$ 8,109.00
Maintenance	\$ 56,964.00
General	\$ -
Bad debt	\$ -
Housing assistance payments	\$ 196,066.00
Depreciation	<u>\$ 77,194.00</u>
TOTAL OPERATING EXPENSES	\$ 439,436.00

NET OPERATING (LOSS) \$ (36,201.00)

NON-OPERATING REVENUE

HUD Capital Grants	<u>\$ -</u>
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CHANGE IN NET POSITION \$ (36,201.00)

NET POSITION BEGINNING OF YEAR

	<u>\$ 891,395.00</u>
NET POSITION END OF YEAR	<u><u>\$ 855,194.00</u></u>

see accompanying notes to the basic financial statements

BROWN METROPOLITAN HOUSING AUTHORITY

STATEMENT OF CASH FLOWS

Year Ended March 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from HUD	\$ 334,130.00
Cash received from tenants	\$ 46,119.00
Cash received from other revenue	\$ 22,987.00
Cash payments for housing assistance payments	\$ (196,066.00)
Cash payments for other operating expenses	\$ (150,585.00)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 56,585.00

CASH FLOW FROM CAPITAL ACTIVITIES

Acquisition of capital assets	\$ (11,514.00)
NET CASH (USED) BY CAPITAL ACTIVITIES	\$ (11,514.00)

CHANGE IN CASH AND CASH EQUIVALENTS \$ 45,071.00

CASH AND CASH EQUIVALENTS, BEGINNING

\$ 51,463.00

CASH AND CASH EQUIVALENTS, ENDING

\$ 96,534.00

RECONCILIATION OF CHANGE IN NET POSITON TO NET CASH

PROVIDED BY OPERATING ACTIVITIES:

Change in net position	\$ (36,201.00)
Adjustments to reconcile change in net position to net cash provided by operating activities	
Depreciation	\$ 77,194.00
(Increase) decrease in:	
Receivables- net of allowance	\$ 2,653.00
Prepaid Expenses (Excess Utility Revenue)	
Increase (decrease) in:	
Accounts payable	\$ 12,863.00
Tenant security deposits	\$ 76.00
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 56,585.00

see accompanying notes to the basic financial statements

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BROWN METROPOLITAN HOUSING AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended March 31, 2023

1. DESCRIPTION OF THE REPORTING ENTITY

Reporting Entity

The Authority was created under the Ohio Revised Code, Section 3735.27 for the purpose of engaging in the development, acquisition and administrative activities of the low-income housing program and other programs with similar objectives. 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 financial statements of the Brown Metropolitan Housing Authority (the “Authority”) have been prepared in conformity with accounting principles generally accepted in the United States of America (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 in Note 2.

The accompanying basic financial statements comply with the provision of 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.

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 is obligated in some manner for the debt of the organizations.

Management believes the financial statements included in this report represent all of the funds of the Authority over which the Authority is financially accountable. The housing authority has no component units.

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

Project Total (Low-rent Public Housing & Capital Fund) – Under the Projects Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy to enable the PHA to provide the housing at a rent that is based upon 30% of adjusted gross household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for the Authority’s physical and management improvements. Funds are allocated by a formula allocation and based on size and age of the Authority’s units.

BROWN METROPOLITAN HOUSING AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended March 31, 2023

1. DESCRIPTION OF THE REPORTING ENTITY - CONTINUED

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority subsidizes rents to independent landlords that own the property. The Authority subsidizes the family’s rent through a Housing Assistance Payment (HAP) made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides funding to enable the Authority to structure a lease that requires the participant to pay a rent based on a percentage of their adjusted gross household income, typically 30%, and the Housing Authority subsidizes the balance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Authority’s basic financial statements consist of a statement of net position, a statement of revenue, expenses and change in net position, 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 operations for its programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Funds are classified into three categories: governmental, proprietary and fiduciary. The Authority uses the proprietary category for its programs.

Proprietary Fund Types

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

Enterprise Fund – This fund is used to account for the operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Measurement Focus/Basis of Accounting

The Authority has prepared its financial statements in conformity with accounting principles generally accepted in the United States of America. The Authority follows the business-type activities reporting requirements of GASB Statement No. 34, *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments*. In accordance with GASB Statement No. 34, the accompanying basic financial statements are reported on an Authority-wide basis. GASB Statement No. 34 (as amended by GASB Statement No. 63) requires the following, which collectively make up the Authority’s basic financial statements: Statement of Net Position, Statement of Revenues, Expenses, and Change in Net Position, Statement of Cash Flows, and Notes to the Financial Statements.

Accounting and Reporting for Nonexchange 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 Public Housing Authority (PHA) receives (or gives) value without directly giving (or receiving equal value in return).

PHA grants and subsidies will be defined as government-mandated or voluntary non-exchange transactions.

BROWN METROPOLITAN HOUSING AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended March 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Accounting and Reporting for Nonexchange Transactions - Continued

GASB 33 establishes two distinct standards depending upon the kind of stipulation imposed by the provider.

- Time requirements specify (a) the period when resources are required to be used or when use may begin (for example, operating or capital grants for a specific period) or (b) that the resources are required to be maintained intact in perpetuity or until a specified date or event has occurred (for example, permanent endowments, term endowments, and similar agreements). Time requirements affect the timing of recognition of nonexchange transactions.
- Purpose restrictions specify the purpose for which resources are required to be used. (i.e. capital grants used for the purchase of capital assets). Purpose restrictions do not affect when a nonexchange transaction is recognized. However, PHAs that receive resources with purpose restrictions should report resulting net position, equity, or fund balance as restricted.

The PHA will recognize assets (liabilities) when all applicable eligibility requirements are met or resources received whichever is first. Eligibility requirements established by the provider may stipulate the qualifying characteristics of recipients, time requirements, allowable costs, and other contingencies.

The PHA will recognize revenues (expenses) when all applicable eligibility requirements are met. For transactions that have a time requirement for the beginning of the following period, PHAs should record resources received prior to that period as deferred revenue and the provider of those resources would record an advance.

The PHA receives government-mandated or voluntary nonexchange transactions, which do not specify time requirements. Upon award, the entire subsidy should be recognized as a receivable and revenue in the period when applicable eligibility requirements have been met.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less and include unrestricted cash of \$86,414 and restricted cash of \$10,120 for a total cash and cash equivalents of \$96,534. There were no amounts in excess of FDIC Insurance limits.

Investments

The provisions of the HUD Regulations restrict investments. Interest income earned in fiscal year ended March 31, 2023 for both programs totaled \$0.

Receivables – Net of Allowance

Bad debts are provided on the allowance method based on management’s evaluation of the collectability of outstanding tenant receivables at the end of the year. Management identified no receivables they believe to be uncollectible for the year ending March 31, 2023 due to COVID-19 and eviction halts.

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 \$1,000 or more per unit. Depreciation is calculated using the straight-line method over the estimated useful lives as follows:

Buildings and improvements	15 – 40 years
Furniture, fixtures and equipment	3 – 7 years
Vehicles	5 years

Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures

BROWN METROPOLITAN HOUSING AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended March 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

determined to represent additions or betterments are capitalized.

Due From/To Other Programs

On the basic financial statements, receivables and payables resulting from the short-term inter-program loans classified as due to/due from other programs on the FDS are eliminated.

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets – net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is recorded as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The amounts reported as restricted net position at fiscal year-end represents the amounts restricted by HUD for future Housing Assistance Payments and amounts restricted as tenant security deposits. When an expense is incurred for purposes which both restricted and unrestricted net position is available, the Authority first applies restricted resources.

Operating Revenues and Expenses

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

Operating expenses are those expenses that are expended directly for the primary activities of the proprietary fund. For the Authority, these expenses are administrative, utilities, maintenance, insurance, depreciation, bad debt and housing assistance payments.

Capital Grant

This represents grants provided by HUD that the Authority spends on capital assets. A Small PHA, with less than 250 units and is not listed as troubled under PHAS, may use up to 100% of its Capital Fund grant for operations. The Authority utilize capital grants this grant year of \$46,072 to help with operations of the program.

Budgetary Accounting

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

3. DEPOSITS AND INVESTMENTS

Deposits

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

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 withdrawn on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit account including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies, which are not needed for

BROWN METROPOLITAN HOUSING AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended March 31, 2023

3. DEPOSITS AND INVESTMENTS - CONTINUED

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 certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of 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 the Authority or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of March 31, 2023, the Authority was not exposed to custodial risk because all of the funds on deposit were covered by federal depository insurance or by collateral held by the Authority's agent. Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover the deposits. At fiscal year-end March 31, 2023, the carrying amount of the Authority's deposits totaled \$96,534 and its bank balance was \$102,076.

Investments

In accordance with the Ohio Revised Code and HUD investment policy, the Authority is permitted to invest in certificates of deposit, savings accounts, money market accounts, certain highly rated commercial paper, obligations of certain political subdivisions of Ohio and the United States government and its agencies, and repurchase agreements with any eligible depository or any eligible dealer. Public depositories must give security for all public funds on deposit. Repurchase agreement must be secured by the specific qualifying securities upon which the repurchase agreements are based.

The Authority is prohibited from investing in any financial instruments, contracts, or obligations whose value or return is based upon or linked to another asset or index, or both, separate from the financial investment, contract, or obligation itself (commonly known as a derivative). The Authority is also prohibited from investing in reverse purchase agreements.

Interest Rate Risk – The Authority does not have a formal investment policy that limits investments as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – HUD requires specific collateral on individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation. The Authority depository agreement specifically requires compliance with HUD requirements.

Concentration of Credit Risk - The Authority places no limit on the amount that may be invested with any one issuer.

At March 31, 2023, the Authority did not have any investments.

4. INSURANCE AND 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.

The Authority participates in the State Housing Authorities Risk Pool (SHARP), a public entity risk plan that operates as a common risk management and insurance program for housing authorities. The authority pays insurance premiums directly to SHARP.

The authority continues to carry commercial insurance for other risks of loss. There has been no significant reduction in insurance coverage from the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

BROWN METROPOLITAN HOUSING AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended March 31, 2023

5. CAPITAL ASSETS

The following is a summary of capital assets:

				Balance 3/31/2022	Additions/ Disposals/ Corrections	Balance 3/31/2023
CAPITAL ASSETS, NOT BEING DEPRECIATED						
	Land			\$ 1,049	\$ -	\$ 1,049
CAPITAL ASSETS, BEING DEPRECIATED						
	Buildings and improvements			\$ 2,139,280	\$ 11,514	\$ 2,150,794
	Furniture and equipment			\$ 25,303	\$ -	\$ 25,303
	Totals at Historical Costs			\$ 2,164,583	\$ 11,514	\$ 2,176,097
	Accumulated depreciation			\$ (1,322,579)	\$ (77,194)	\$ (1,399,773)
		TOTAL CAPITAL ASSETS, NET, BEING DEPRECIATED		\$ 842,004	\$ (65,680)	\$ 776,324
		TOTAL NET CAPITAL ASSETS		\$ 843,053	\$ (65,680)	\$ 777,373
	Accumulated Depreciation by Class:					
	Building and improvements					\$ 1,374,470
	Furniture and equipment					\$ 25,303
	TOTAL ACCUMULATED DEPRECIATION					\$ 1,399,773

6. FDS SCHEDULE SUBMITTED TO HUD

For the fiscal year ended March 31, 2023, the Authority electronically submitted an unaudited version of the balance sheet, statement of revenues, expenses and change in net position and other data to HUD as required on the GAAP basis. The FDS schedules follow the footnotes. The schedules are presented in the manner prescribed by the Department of Housing and Urban Development.

7. CONTRACT SERVICES

The Authority contracts with:

- Adams Brown Counties Economic Opportunities Inc. to provide financial services for the housing authority. The Authority does not have any employees; instead, services are subcontracted from Adams Brown Counties Economic Opportunities Inc.
- Adams Brown Counties Economic Opportunities Inc. to provide management and financial reporting services. Compensation shall be based on the amount allowed by HUD for performing these services.

8. CONTINGENT LIABILITIES

Under the terms of Federal grants, periodic audits are required, and certain costs may be questioned as not being appropriate expenses under the terms of the grants. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenses which may be disallowed by the grantor cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

BROWN METROPOLITAN HOUSING AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended March 31, 2023

9. HAP AND ADMINISTRATIVE TRACKING ACCOUNTS

The Authority is required to track its housing choice voucher program equity accounts in two tracking accounts as follows:

	Restricted		Total
	HAP	Administrative	
Balance 3/31/2022	\$ 5,422	\$ 13,562	\$ 18,984
HAP received	\$ 170,755	\$ -	\$ 170,755
Administrative received	\$ -	\$ 28,132	\$ 28,132
HAP epenses	\$ (175,332)	\$ -	\$ (175,332)
Administrative expenses	\$ -	\$ (28,146)	\$ (28,146)
Other income	\$ -	\$ 2,224	\$ 2,224
Balance 3/31/2023	\$ 845	\$ 15,772	\$ 16,617

10. SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 18, 2023, the date the financial statements were available to be issued. Any subsequent events after that date have not been evaluated.

The Housing Authority's operations were affected by the recent and ongoing outbreak of the coronavirus disease (Covid-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption caused an adverse impact on the Housing Authority's financial position, operations and cash flows. The reduction of tenant's dwelling rent due to the increased unemployment, absenteeism in the Housing Authority's workforce, unavailability of products and supplies, and reduced accessibility to contractors was due to COVID-19.

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BROWN METROPOLITAN HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE SUBMITTED TO HUD
ENTITY WIDE - STATEMENT OF NET POSITION
For the Year Ended March 31, 2023

	Project Total	14.871 Housing Choice Vouchers	Total
111 Cash - Unrestricted	\$71,436	\$14,978	\$86,414
113 Cash - Other Restricted		\$845	\$845
114 Cash - Tenant Security Deposits	\$9,275		\$9,275
100 Total Cash	\$80,711	\$15,823	\$96,534
124 Accounts Receivable - Other Government		\$514	\$514
125 Accounts Receivable - Miscellaneous		\$300	\$300
126 Accounts Receivable - Tenants	\$2,838		\$2,838
127 Notes, Loans, & Mortgages Receivable - Current	\$2,462		\$2,462
128.1 Allowance for Doubtful Accounts - Fraud	(\$2,157)		(\$2,157)
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$3,143	\$814	\$3,957
150 Total Current Assets	\$83,854	\$16,637	\$100,491
161 Land	\$1,049		\$1,049
162 Buildings	\$2,150,794		\$2,150,794
163 Furniture, Equipment & Machinery - Dwellings	\$25,303		\$25,303
166 Accumulated Depreciation	(\$1,399,773)		(\$1,399,773)
160 Total Capital Assets, Net of Accumulated Depreciation	\$777,373	\$0	\$777,373
180 Total Non-Current Assets	\$777,373	\$0	\$777,373
290 Total Assets and Deferred Outflow of Resources	\$861,227	\$16,637	\$877,864
312 Accounts Payable <= 90 Days	\$13,375	\$20	\$13,395
341 Tenant Security Deposits	\$9,275		\$9,275
310 Total Current Liabilities	\$22,650	\$20	\$22,670
350 Total Non-Current Liabilities	\$0	\$0	\$0
300 Total Liabilities	\$22,650	\$20	\$22,670
508.4 Net Investment in Capital Assets	\$777,373		\$777,373
511.4 Restricted Net Position		\$ 845.00	\$845
512.4 Unrestricted Net Position	\$61,204	\$15,772	\$76,976
513 Total Equity - Net Assets / Position	\$838,577	\$ 16,617	\$ 855,194
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$861,227	\$16,637	\$877,864

BROWN METROPOLITAN HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE SUBMITTED TO HUD
ENTITY WIDE - STATEMENT OF REVENUES AND EXPENSES
For the Year Ended March 31, 2023

	Project Total	14.871 Housing Choice Vouchers	Total
70300 Net Tenant Rental Revenue	\$45,693		\$45,693
70400 Tenant Revenue - Other	\$426		\$426
70500 Total Tenant Revenue	\$46,119	\$0	\$46,119
70600 HUD PHA Operating Grants	\$135,243	\$198,887	\$334,130
71500 Other Revenue	28	\$22,958	\$22,986
70000 Total Revenue	\$181,390	\$221,845	\$403,235
91200 Auditing Fees	\$3,014	\$3,014	\$6,028
91300 Management Fee	\$35,000	\$25,132	\$60,132
91600 Office Expenses	\$5,856		\$5,856
91700 Legal Expense	\$200		\$200
91800 Travel	\$2,168		\$2,168
91900 Other			\$0
91000 Total Operating - Administrative	\$46,238	\$28,146	\$74,384
93100 Water	\$6,361		\$6,361
93200 Electricity	\$121		\$121
93300 Gas	342		\$342
93600 Sewer	\$12,094		\$12,094
93800 Other Utilities Expense	\$7,801		\$7,801
93000 Total Utilities	\$26,719	\$0	\$26,719
94100 Ordinary Maintenance and Operations - Labor	\$15,117		\$15,117
94200 Ordinary Maintenance and Operations - Materials and Other	\$12,002		\$12,002
94300 Ordinary Maintenance and Operations Contracts	\$29,845		\$29,845
94000 Total Maintenance	\$56,964	\$0	\$56,964
96110 Property Insurance	\$8,109		\$8,109
96100 Total insurance Premiums	\$8,109		\$8,109
96000 Total Other General Expenses	\$0	\$0	\$0
96900 Total Operating Expenses	\$138,030	\$28,146	\$166,176
97000 Excess of Operating Revenue over Operating Expenses	\$43,360	\$193,699	\$237,059
97300 Housing Assistance Payments		\$175,332	\$175,332
97350 HAP Portability-In		\$20,734	\$20,734
97400 Depreciation Expense	\$77,194		\$77,194
90000 Total Expenses	\$215,224	\$224,212	\$439,436
10010 Operating Transfer In	\$46,072		\$46,072
10020 Operating transfer Out	(\$46,072)		(\$46,072)
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(\$33,834)	(\$2,367)	(\$36,201)
11030 Beginning Equity	\$872,411	\$18,984	\$891,395
11170 Administrative Fee Equity		\$15,772	\$15,772
11180 Housing Assistance Payments Equity		\$845	\$845
11190 Unit Months Available	228	456	\$684
11210 Number of Unit Months Leased	228	491	\$719
11270 Excess Cash	\$49,702		\$49,702
11610 Land Purchases	\$0		\$0
11620 Building Purchases	\$11,514		\$11,514

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Brown Metropolitan Housing Authority
Brown County
406 W. Plum St.
Georgetown, Ohio 45121

To the Board of Directors:

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the Brown Metropolitan Housing Authority, Brown County, (the Authority) as of and for the year ended March 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated November 6, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct 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 Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. *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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio
November 6, 2023

OHIO AUDITOR OF STATE KEITH FABER



BROWN METROPOLITAN HOUSING AUTHORITY

BROWN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 11/21/2023

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov