

Harrison Metropolitan Housing Authority

Financial Statements

For the Year Ended March 31, 2006

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Mary Taylor, CPA  
Auditor of State

Board of Directors  
Harrison Metropolitan Housing Authority  
82450 Cadiz-Jewett Road  
PO 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, 2005 through March 31, 2006. 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.

*Mary Taylor*

MARY TAYLOR, CPA  
Auditor of State

January 8, 2007

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HARRISON METROPOLITAN HOUSING AUTHORITY  
AUDIT REPORT  
FOR THE YEAR ENDED MARCH 31, 2006

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	17-30
Supplemental Data:	
Financial Data Schedules	31-35
PHA's Statement and Certification of Actual Modernization Cost: - Grant Number OH12P06750103	36
Schedule of Expenditures of Federal Awards	37
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	38-39
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	40-41
Schedule of Findings and Questioned Costs	42
Schedule of Prior Audit Findings	43



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## 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, 2006, 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, 2006, 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 18, 2006, 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 schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the 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") and the PHA's statement and certification of actual modernization cost are presented for purposes additional analysis as required by the Department of Housing and Urban Development and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respect in relation to the basic financial statements taken as a whole.



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Salvatore Consiglio, CPA, Inc.

October 18, 2006

HARRISON METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2006

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 \$3,004,334 and \$3,045,233 for the fiscal year ending March 31, 2006 and 2005, respectively. The Authority’s net assets decreased by \$40,899 or 1.34% during 2006. This decrease is reflective of the year’s activity.
- Revenues increased by \$97,571 during 2006, and were \$1,433,774 and \$1,336,203 for 2006 and 2005, respectively.
- The total expenses of all Authority programs increased by \$33,283. Total Expenses were \$1,492,583 and \$1,459,300 for 2006 and 2005, 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, 2006

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, 2006

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, 2006

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><b>2006</b></u>	<u><b>2005</b></u>
Current Assets	\$ 17,542	\$ 413,291
Capital Assets	(2,604,586)	2,502,854
Noncurrent Assets	<u>2,375,165</u>	<u>1,078,594</u>
 Total Assets	 <u>\$ (211,879)</u>	 <u>\$ 3,994,739</u>
 Current Liabilities	 \$ 12,390	 \$ 154,182
Long-Term Liabilities	<u>784,214</u>	<u>795,324</u>
 Total Liabilities	 <u>796,604</u>	 <u>949,506</u>
 Net Assets:		
Investment in Capital Assets, net of Related Debt	-	1,689,647
Restricted Net Assets	1,578,561	44,526
Unrestricted Net Assets	<u>49,720</u>	<u>1,311,060</u>
 Total Net Assets	 <u>1,628,281</u>	 <u>3,045,233</u>
 Total Liabilities and Net Assets	 <u>\$ 2,424,885</u>	 <u>\$ 3,994,739</u>

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

HARRISON METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2006

Unaudited

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

During 2005, current assets decreased by \$20,077, and current liabilities decreased by \$65,370. The change in these accounts was mainly due to the result of operation.

Capital assets also changed, decreasing from \$2,502,854 to \$2,375,165. The \$127,689 decrease may be contributed primarily to a combination of total acquisitions of \$52,489, less current year depreciation of \$180,179.

Non-current assets increased by the \$30,387. This increase represents security interest accrued 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**

	<b>Investment in Capital Assets</b>	<b>Restricted Net Assets</b>	<b>Unrestricted Net Assets</b>
Beginning Balance - March 31, 2005	\$1,689,647	\$44,526	\$1,311,060
Results of Operation	0	0	(58,809)
Adjustments:			
Current year Depreciation Expense (1)	(180,179)	0	180,179
Capital Expenditure (2)	52,489	0	(52,489)
Current year Debt Activities, Net	16,603	0	(16,603)
Prior Period Adjustment	0	0	17,910
Transfer to Restricted Net Assets	0	5,194	(5,194)
Rounding Adjustment	1	0	(1)
Ending Balance - March 31, 2006	<u>\$1,578,561</u>	<u>\$49,720</u>	<u>\$1,376,053</u>

HARRISON METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2006

Unaudited

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.

**TABLE 3**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

	<u><b>2006</b></u>	<u><b>2005</b></u>
<b><u>Revenues</u></b>		
Total Tenant Revenues	\$ 193,348	\$ 181,007
Operating Subsidies	1,024,124	1,047,830
Capital Grants	30,920	4,000
Investment Income	35,639	36,603
Other Revenues	<u>149,743</u>	<u>66,763</u>
<b>Total Revenues</b>	<b><u>1,433,774</u></b>	<b><u>1,336,203</u></b>
<b><u>Expenses</u></b>		
Administrative	338,229	290,786
Utilities	54,934	54,618
Maintenance	117,208	133,412
General and Interest Expenses	51,822	46,914
Housing Assistance Payments	750,211	755,372
Depreciation	<u>180,179</u>	<u>178,198</u>
<b>Total Expenses</b>	<b><u>1,492,583</u></b>	<b><u>1,459,300</u></b>
<b>Net Increases (Decreases)</b>	<b><u><u>\$ (58,809)</u></u></b>	<b><u><u>\$ (123,097)</u></u></b>

HARRISON METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2006

Unaudited

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

Tenant revenue increased (\$12,341) slightly during 2006 in comparison to 2005. The increase was likely due from revenue generated by the additional rental units. Capital Grants increased by \$26,920 from 2005 as a result of current year additions. Overall total revenue increased moderately in comparison to 2005.

The expenses increased (\$33,283) moderately due to increased inflation and due to a rise in insurance premiums which increased the health benefits by 6% for the year.

**CAPITAL ASSETS**

**Capital Assets**

As of year-end, the Authority had \$2,375,165 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of \$127,689 or 5% from the end of last year.

**TABLE 4**

**CAPITAL ASSETS AT YEAR-END (NET OF DEPRECIATON)**

	<u>2006</u>	<u>2005</u>
Land and Land Rights	\$ 140,679	\$ 140,679
Buildings	4,640,145	4,609,225
Equipment	198,927	177,358
Accumulated Depreciation	<u>(2,604,586)</u>	<u>(2,424,408)</u>
Total	<u>\$ 2,375,165</u>	<u>\$ 2,502,854</u>

HARRISON METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2006

Unaudited

The following reconciliation identifies the change in Capital Assets.

**TABLE 5**

**CHANGE IN CAPITAL ASSETS**

Beginning Balance - March 31, 2005	\$	2,502,854
Current year Additions		52,489
Current year Depreciation Expense		(180,179)
Rounding Adjustment		<u>1</u>
Ending Balance - March 31, 2006	\$	<u><u>2,375,165</u></u>
Current year Additions are summarized as follows:		
- Replaced Furnaces	\$	16,767
- Replaced Carpet		2,687
- Replaced bathtubs		4,000
- Parking Lot Improvements		7,466
- Purchased New Vehicle		<u>21,569</u>
Total 2005 Additions	\$	<u><u>52,489</u></u>

**Debt Outstanding**

As of year-end, the Authority has \$796,604 in debt (mortgages) outstanding compared to \$813,207 last year.

**TABLE 6**

**CONDENSED STATEMENT OF CHANGES IN DEBT OUTSTANDING**

Beginning Balance - March 31, 2005	\$	813,207
Current Year Debt Issued		42,930
Current Year Principal Payments		<u>(59,533)</u>
Ending Balance - March 31, 2006	\$	<u><u>796,604</u></u>

HARRISON METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2006

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
- Inflationary pressure on utility rates, supplies and other costs

**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, 2006**

***ASSETS***

**Current assets**

Cash and cash equivalents	\$371,556
Receivables, net	4,116
Prepaid expenses and other assets	17,542
<b>Total current assets</b>	<b><u>393,214</u></b>

**Noncurrent assets**

Capital assets:	
Land	140,679
Building and equipment	4,839,072
Less accumulated depreciation	<u>(2,604,586)</u>
Capital assets, net	2,375,165
Other noncurrent assets	<u>1,108,981</u>
<b>Total noncurrent assets</b>	<b><u>3,484,146</u></b>
<b>Total assets</b>	<b><u><u>\$3,877,360</u></u></b>

***LIABILITIES***

**Current liabilities**

Accounts payable	\$9,710
Accrued liabilities	32,870
Intergovernmental payables	8,944
Tenant security deposits	16,141
Deferred revenue	8,757
Bonds, notes, and loans payable	<u>12,390</u>
<b>Total current liabilities</b>	<b><u>88,812</u></b>

**Noncurrent liabilities**

Bonds, notes, and loans payable	<u>784,214</u>
<b>Total noncurrent liabilities</b>	<b><u>784,214</u></b>
<b>Total liabilities</b>	<b><u><u>\$873,026</u></u></b>

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

**HARRISON METROPOLITAN HOUSING AUTHORITY**  
**Statement of Net Assets - Continued**  
**Proprietary Funds**  
**March 31, 2006**

***NET ASSETS***

Invested in capital assets, net of related debt	\$1,578,561
Restricted net assets	49,720
Unrestricted net assets	1,376,053
<b>Total net assets</b>	<b><u><u>\$3,004,334</u></u></b>

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, 2006**

***OPERATING REVENUES***

Tenant Revenue	\$193,348
Government operating grants	1,024,124
Other revenue	149,743
<b>Total operating revenues</b>	<b><u>1,367,215</u></b>

***OPERATING EXPENSES***

Administrative	338,229
Utilities	54,934
Maintenance	117,208
General	33,517
Housing assistance payment	750,211
Depreciation	180,179
<b>Total operating expenses</b>	<b><u>1,474,278</u></b>
<b>Operating income (loss)</b>	<b><u>(107,063)</u></b>

***NONOPERATING REVENUES (EXPENSES)***

Interest and investment revenue	35,639
Interest expense	(18,305)
<b>Total nonoperating revenues (expenses)</b>	<b><u>17,334</u></b>
Income (loss) before contributions and transfers	(89,729)
Capital grants	<u>30,920</u>
Change in net assets	(58,809)
Total net assets - beginning	3,045,233
Prior Period Adjustment	17,910
<b>Total net assets - ending</b>	<b><u><u>\$3,004,334</u></u></b>

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, 2006**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Operating grants received	\$1,021,502
Tenant revenue received	195,029
Other revenue received	150,943
General and administrative expenses paid	(589,942)
Housing assistance payments	<u>(750,211)</u>

Net cash provided (used) by operating activities 27,321

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest earned received	<u>5,252</u>
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Net cash provided (used) by investing activities 5,252

**CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES**

Capital grant funds received	30,920
Property and equipment purchased	<u>(52,489)</u>

Net cash provided (used) by capital and related activities (21,569)

**CASH FLOWS FROM FINANCING ACTIVITIES**

Cash proceeds from debt	42,930
Interest Payment	(18,305)
Principal Payment	<u>(59,533)</u>

Net cash provided (used) by financing activities (34,908)

Net increase (decrease) in cash (23,904)

Cash and cash equivalents - Beginning of year (restated) 395,460

Cash and cash equivalents - End of year \$371,556

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, 2006**

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

Net Operating Income (Loss)	(\$107,063)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities	
- Depreciation	180,179
- Prior Period adjustments	17,910
- (Increases) Decreases in Accounts Receivable	259
- (Increases) Decreases in Prepaid Assets	(4,087)
- Increases (Decreases) in Accounts Payable	(5,077)
- Increases (Decreases) in Accounts Payable - Intergovernmental	(16,667)
- Increases (Decreases) in Accrued Expenses Payable	(14,471)
- Increases (Decreases) in Compensated Absence Payable	(15,313)
- Increases (Decreases) in Deferred Revenue	(7,528)
- Increases (Decreases) in Tenant Security Deposits	<u>(821)</u>
Net cash provided by operating activities	<u><u>\$27,321</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, 2006

**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, 2006  
(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, 2006  
(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 a 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, 2006  
(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, 2006 totaled \$35,639.

**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 calculated using the straight-line method over the estimated useful lives of three years to forty years. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized.

**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, 2006  
(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.

**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.

HARRISON METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2006  
(CONTINUED)

**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.
- 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 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.

Government Accounting Standards Board Statement No. 3 (GASB #3) has established custodial credit risk categories for deposits and investments as follows:

Category 1 – Insured or collateralized with securities held by the Authority or by its agent in the Authority's name.

Category 2 – Collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name.

Category 3 – Uncollateralized as defined by the GASB (securities pledged with the pledging financial institution's trust department or agent, but not in the Authority's name).

The carrying amount of the Authority's deposits was \$371,556 at March 31, 2006. The corresponding bank balance was \$394,732. Of the bank balance, \$135,000 was covered by federal deposit insurance (FDIC) with the remaining balance covered by collateralization held by the bank in the Authority's name as required by HUD. The custodial credit risk for the Authority deposit is Category 1.

HARRISON METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2006  
(CONTINUED)

**NOTE 2: DEPOSITS AND INVESTMENTS** (Continued)

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 dealers. Public depositories must give security for all public funds on deposit. Repurchase agreements 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 instrument, 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. However, it is the Authority practice to limit its investments to less than 2 years.

*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 requirement.

*Concentration of Credit Risk* – The Authority places no limit on the amount that may be invested with any one issuer. However, it is the Authority practice to do business with more than one depository.

The Authority did not have any investments as of March 31, 2006 other than certificates of deposits.

HARRISON METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2006  
(CONTINUED)

**NOTE 3: RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending March 31, 2006 the Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

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

**NOTE 4: CAPITAL ASSETS**

The following is a summary of changes:

	<b>Balance 03/31/05</b>	<b>Additions</b>	<b>Deletion</b>	<b>Balance 03/31/06</b>
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$140,679	\$0	\$0	\$140,679
<b>Total Capital Assets Not Being Depreciated</b>	<b>140,679</b>	<b>0</b>	<b>0</b>	<b>140,679</b>
<b>Capital Assets Being Depreciated:</b>				
Buildings	4,609,225	30,920	0	4,640,145
Furnt, Mach. and Equip. - Dwelling	50,169	0		50,169
Furnt, Mach. and Equip. - Admin	127,189	21,569		148,758
<b>Total Capital Assets Being Depreciated</b>	<b>4,786,583</b>	<b>52,489</b>	<b>0</b>	<b>4,839,072</b>

HARRISON METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2006  
(CONTINUED)

**NOTE 4: CAPITAL ASSETS** (Continued)

	<b>Balance 03/31/05</b>	<b>Additions</b>	<b>Deletion</b>	<b>Balance 03/31/06</b>
<b>Accumulated Depreciation:</b>				
Buildings	2,262,765	166,532	0	2,429,297
Furnt, Mach. and Equip. - Dwelling	69,474	1,861	0	71,335
Furnt, Mach. and Equip. - Admin	92,169	11,786	0	103,955
Total Accumulated Depreciation	2,424,408	180,179	0	2,604,587
<b>Total Capital Assets Being Depreciated, Net</b>	<b>2,362,175</b>	<b>(127,690)</b>	<b>0</b>	<b>2,234,485</b>
<b>Total Capital Assets, Net</b>	<b>2,502,854</b>	<b>(127,690)</b>	<b>0</b>	<b>2,375,164</b>

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

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

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

- The Traditional Pension Plan (TP) - a cost-sharing multiple-employer defined benefit pension plan;

HARRISON METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2006  
(CONTINUED)

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

- The Member-Directed Plan (MD) - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings;
- The Combined Plan (CO) - a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan employer contributions are invested by the retirement system to provide a formula retirement benefit 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.

Plan members are required to contribute 8.5% for the period April 1, 2005 through December 31, 2005 and 9% from January 1, 2006 forward, of their annual covered salary to fund pension obligations. The 2005 employer pension contribution rate for Authority was 13.55% for the period April 1, 2005 through December 31, 2005 and 13.7% from January 1, 2006 forward. Contributions are authorized by state statute. The contribution rates are determined actuarially. The Authority's contribution for the years ended March 31, 2006, 2005, and 2004 amounted to \$30,647, \$29,617 and \$31,945 respectively. The full amount has been contributed for all three years.

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

The Public Employees Retirement System of Ohio (OPERS) provides post-employment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. The health care coverage provided by the OPERS is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the OPERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory Authority requiring public employers to fund post-employment health care through their contributions to the OPERS. The portion of the 2005 employer contribution rate

HARRISON METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2006  
(CONTINUED)

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

(identified above) that was used to fund health care for the year ended September 30, 2005 was 4.0 percent of covered payroll, which amounted to \$9,074. The significant actuarial assumptions and calculations relating to post-employment health care benefits were based on the OPERS' latest actuarial review performed as of December 31, 2004. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25 percent of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2004 was 8.0 percent. An annual increase of 4.0 percent compounded annually is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0 percent base increase, were assumed to range from 0.50 percent to 6.3 percent. Health care costs were assumed to increase at a project wage inflation rate plus an additional factor ranging from 1% to 6% for the next 8 years. In subsequent years (9 and beyond), health care costs were assumed to increase at 4% (the projected wage inflation rate).

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

**NOTE 8: LONG TERM DEBT**

Harrison Metropolitan Housing Authority has the following Mortgages outstanding as of March 31, 2006:

**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, 2006 is \$223,307.

HARRISON METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2006  
(CONTINUED)

**NOTE 8: LONG TERM DEBT** (Continued)

- 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, 2006 of \$14,772.

**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, 2006 is \$522,129.

**Muskingum Street Duplex**

During the fiscal year, Harrison Metropolitan Housing Authority refinanced the existing National City Bank loan with a loan with Sky Bank. The loan was 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.

Balance outstanding on March 31, 2006 is \$36,396.

The following is a summary of change in long-term debt for the year ended March 31, 2006:

Description	Balance 3/31/05	Issued	Retired	Balance 3/31/06	Due with Year
1 <sup>st</sup> Mortgage Dunfee Court	\$230,612	\$ 0	\$7,305	\$223,307	\$7,214
2 <sup>nd</sup> Mortgage Dunfee Court	15,227	0	455	14,772	442
Gable Estate	524,475	0	2,346	522,129	2,484
Muskingum Duplex	42,893	42,930	49,427	36,396	2,250
TOTAL	\$813,207	\$42,930	\$59,533	\$796,604	\$12,390

HARRISON METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2006  
(CONTINUED)

**NOTE 8: LONG TERM DEBT** (Continued)

Debt maturities for the next five years are as follows:

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
March 31, 2007	\$12,390	\$16,205
2008	12,819	15,777
2009	13,275	15,321
2010	13,757	14,838
2011	14,271	14,325
2012-2016	80,275	62,703
2017-2021	81,288	45,736
2022-2026	92,607	28,097
2027-2031	117,115	3,590
2032-2036	120,469	236
2037-2041	120,705	0
2042-2046	117,633	0
	\$796,604	\$216,828
Total	\$796,604	\$216,828

**NOTE 9: PRIOR PERIOD ADJUSTMENT**

The following prior period adjustment was necessary to properly state the financial statements:

**Housing Choice Voucher:**

Adjustment to write-off a receivable from HUD that due to changes in funding the program it will not be collected	17,910
Total Prior Period Adjustments	\$17,910

**NOTE 10: 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.

HARRISON METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2006  
(CONTINUED)

**NOTE 11: NOTE AND INTEREST RECEIVABLE**

The Note and Interest receivable amount of \$1,108,981 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 matures on April 1, 2006.

Harrison Metropolitan Housing Authority  
Combining FDS Schedule Submitted To REAC  
Propriety Fund Type- Enterprise Fund  
March 31, 2006

Line Item No.	Account Description	Rural Rental Housing Loans	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	CHIP	State/Local	Total
111	Cash - Unrestricted	\$13,169	\$35,901	\$1,034	\$0	\$7,840	\$4,987	\$62,931
113	Cash - Other Restricted	\$49,720	\$0	\$0	\$0	\$0	\$0	\$49,720
114	Cash - Tenant Security Deposits	\$10,987	\$7,144	\$0	\$0	\$0	\$0	\$18,131
100	Total Cash	\$73,876	\$43,045	\$1,034	\$0	\$7,840	\$4,987	\$130,782
122	Accounts Receivable - HUD	\$0	\$0	\$0	\$2,100	\$0	\$0	\$2,100
124	Accounts Receivable - Other Government	\$522	\$0	\$0	\$0	\$0	\$0	\$522
126	Accounts Receivable - Tenants - Dwelling Rents	\$141	\$1,353	\$0	\$0	\$0	\$0	\$1,494
126	Allowance for Doubtful Accounts - Dwelling Rents	\$0	\$0	\$0	\$0	\$0	\$0	\$0
126	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0
120	Total Receivables, net of allowances for doubtful accounts	\$663	\$1,353	\$0	\$2,100	\$0	\$0	\$4,116
131	Investments - Unrestricted	\$16,000	\$171,662	\$50,578	\$0	\$0	\$2,534	\$240,774
142	Prepaid Expenses and Other Assets	\$5,554	\$11,516	\$0	\$0	\$0	\$472	\$17,542
144	Interprogram Due From	\$14	\$10,894	\$0	\$0	\$694	\$6,989	\$18,591
150	Total Current Assets	\$96,107	\$238,470	\$51,612	\$2,100	\$8,534	\$14,982	\$411,805
161	Land	\$61,977	\$75,202	\$0	\$0	\$0	\$3,500	\$140,679
162	Buildings	\$1,047,393	\$3,505,332	\$0	\$30,920	\$0	\$56,500	\$4,640,145
163	Furniture, Equipment & Machinery - Dwellings	\$2,646	\$47,523	\$0	\$0	\$0	\$0	\$50,169
164	Furniture, Equipment & Machinery - Administration	\$2,421	\$128,608	\$0	\$4,000	\$0	\$13,729	\$148,758
166	Accumulated Depreciation	(\$417,950)	(\$2,164,715)	\$0	(\$1,600)	\$0	(\$20,321)	(\$2,604,586)
160	Total Fixed Assets, Net of Accumulated Depreciation	\$696,487	\$1,591,950	\$0	\$33,320	\$0	\$53,408	\$2,375,165

Harrison Metropolitan Housing Authority  
Combining FDS Schedule Submitted To REAC  
Propriety Fund Type- Enterprise Fund  
March 31, 2006

Line Item No.	Account Description	Rural Rental Housing Loans	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	CHIP	State/Local	Total
171	Notes, Loans, & Mortgages Receivable - Non Current	\$0	\$0	\$0	\$0	\$0	\$1,108,981	\$1,108,981
180	Total Non-Current Assets	\$696,487	\$1,591,950	\$0	\$33,320	\$0	\$1,162,389	\$3,484,146
190	Total Assets	\$792,594	\$1,830,420	\$51,612	\$35,420	\$8,534	\$1,177,371	\$3,895,951
312	Accounts Payable <= 90 Days	\$995	\$3,650	\$0	\$2,100	\$0	\$2,965	\$9,710
321	Accrued Wage/Payroll Taxes Payable	\$0	\$0	\$0	\$0	\$0	\$5,622	\$5,622
322	Accrued Compensated Absences - Current Portion	\$0	\$12,534	\$14,714	\$0	\$0	\$0	\$27,248
324	Accrued Contingency Liability	\$0	\$0	\$0	\$0	\$0	\$0	\$0
331	Accounts Payable - HUD PHA Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0
333	Accounts Payable - Other Government	\$0	\$8,944	\$0	\$0	\$0	\$0	\$8,944
341	Tenant Security Deposits	\$7,268	\$8,148	\$0	\$0	\$0	\$725	\$16,141
342	Deferred Revenues	\$0	\$223	\$0	\$0	\$8,534	\$0	\$8,757
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$10,140	\$0	\$0	\$0	\$0	\$2,250	\$12,390
347	Interprogram Due To	\$8,852	\$0	\$6,472	\$0	\$0	\$3,267	\$18,591
310	Total Current Liabilities	\$27,255	\$33,499	\$21,186	\$2,100	\$8,534	\$14,829	\$107,403
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	\$750,068	\$0	\$0	\$0	\$0	\$34,146	\$784,214
350	Total Noncurrent Liabilities	\$750,068	\$0	\$0	\$0	\$0	\$34,146	\$784,214
300	Total Liabilities	\$777,323	\$33,499	\$21,186	\$2,100	\$8,534	\$48,975	\$891,617
508	Invested in Capital Assets, Net of Related Debt	(\$63,721)	\$1,591,950	\$0	\$33,320	\$0	\$17,012	\$1,578,561

Harrison Metropolitan Housing Authority  
Combining FDS Schedule Submitted To REAC  
Propriety Fund Type- Enterprise Fund  
March 31, 2006

Line Item No.	Account Description	Rural Rental Housing Loans	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	CHIP	State/Local	Total
511	Restricted Net Assets	\$49,720	\$0	\$0	\$0	\$0	\$0	\$49,720
512	Unrestricted Net Assets	\$29,272	\$204,971	\$30,426	\$0	\$0	\$1,111,384	\$1,376,053
513	Total Equity/Net Assets	\$15,271	\$1,796,921	\$30,426	\$33,320	\$0	\$1,128,396	\$3,004,334
600	Total Liabilities and Equity/Net Assets	\$792,594	\$1,830,420	\$51,612	\$35,420	\$8,534	\$1,177,371	\$3,895,951
703	Net Tenant Rental Revenue	\$59,410	\$122,053	\$0	\$0	\$0	\$7,950	\$189,413
704	Tenant Revenue - Other	\$1,682	\$2,253	\$0	\$0	\$0	\$0	\$3,935
705	Total Tenant Revenue	\$61,092	\$124,306	\$0	\$0	\$0	\$7,950	\$193,348
706	HUD PHA Operating Grants	\$0	\$60,521	\$859,253	\$30,870	\$0	\$0	\$950,644
706	Capital Grants	\$0	\$0	\$0	\$30,920	\$0	\$0	\$30,920
708	Other Government Grants	\$34,162	\$0	\$0	\$0	\$39,318	\$0	\$73,480
711	Investment Income - Unrestricted	\$706	\$3,975	\$132	\$0	\$0	\$30,826	\$35,639
714	Fraud Recovery	\$0	\$0	\$1,145	\$0	\$0	\$0	\$1,145
715	Other Revenue	\$1,114	\$20,236	\$3,555	\$0	\$0	\$123,693	\$148,598
700	Total Revenue	\$97,074	\$209,038	\$864,085	\$61,790	\$39,318	\$162,469	\$1,433,774
911	Administrative Salaries	\$12,562	\$31,958	\$75,154	\$27,625	\$0	\$22,888	\$170,187
912	Auditing Fees	\$552	\$1,389	\$3,683	\$0	\$0	\$414	\$6,038
914	Compensated Absences	\$0	\$2,130	\$14,715	\$0	\$0	\$0	\$16,845
915	Employee Benefit Contributions - Administrative	\$0	\$28,759	\$31,475	\$0	\$0	\$0	\$60,234
916	Other Operating - Administrative	\$0	\$13,658	\$2,356	\$3,245	\$5,000	\$60,666	\$84,925
931	Water	\$9,754	\$9,543	\$0	\$0	\$0	\$0	\$19,297
932	Electricity	\$2,186	\$31,156	\$0	\$0	\$0	\$0	\$33,342
934	Fuel	\$808	\$0	\$0	\$0	\$0	\$0	\$808
938	Other Utilities Expense	\$1,487	\$0	\$0	\$0	\$0	\$0	\$1,487

Harrison Metropolitan Housing Authority  
Combining FDS Schedule Submitted To REAC  
Propriety Fund Type- Enterprise Fund  
March 31, 2006

Line Item No.	Account Description	Rural Rental Housing Loans	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	CHIP	State/Local	Total
941	Ordinary Maintenance and Operations - Labor	\$4,178	\$18,556	\$0	\$0	\$0	\$34,816	\$57,550
942	Ordinary Maintenance and Operations - Materials and Other	\$11,524	\$13,620	\$0	\$0	\$0	\$0	\$25,144
943	Ordinary Maintenance and Operations - Contract Costs	\$8,556	\$10,629	\$0	\$0	\$0	\$0	\$19,185
945	Employee Benefit Contributions - Ordinary Maintenance	\$0	\$15,329	\$0	\$0	\$0	\$0	\$15,329
961	Insurance Premiums	\$5,996	\$15,356	\$0	\$0	\$0	\$0	\$21,352
963	Payments in Lieu of Taxes	\$0	\$9,112	\$0	\$0	\$0	\$0	\$9,112
964	Bad Debt - Tenant Rents	\$1,160	\$1,893	\$0	\$0	\$0	\$0	\$3,053
967	Interest Expense	\$15,793	\$0	\$0	\$0	\$0	\$2,512	\$18,305
969	Total Operating Expenses	\$74,556	\$203,088	\$127,383	\$30,870	\$5,000	\$121,296	\$562,193
970	Excess Operating Revenue over Operating Expenses	\$22,518	\$5,950	\$736,702	\$30,920	\$34,318	\$41,173	\$871,581
973	Housing Assistance Payments	\$0	\$0	\$715,893	\$0	\$34,318	\$0	\$750,211
974	Depreciation Expense	\$26,729	\$151,237	\$0	\$800	\$0	\$1,413	\$180,179
900	Total Expenses	\$101,285	\$354,325	\$843,276	\$31,670	\$39,318	\$122,709	\$1,492,583
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	(\$4,211)	(\$145,287)	\$20,809	\$30,120	\$0	\$39,760	(\$58,809)
1103	Beginning Equity	\$19,482	\$1,942,208	(\$8,293)	\$3,200	\$0	\$1,088,636	\$3,045,233
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	\$17,910	\$0	\$0	\$0	\$17,910
	Ending Equity	\$15,271	\$1,796,921	\$30,426	\$33,320	\$0	\$1,128,396	\$3,004,334

Harrison Metropolitan Housing Authority  
Combining FDS Schedule Submitted To REAC  
Propriety Fund Type- Enterprise Fund  
March 31, 2006

Line Item No.	Account Description	Rural Rental Housing Loans	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	CHIP	State/Local	Total
1113	Maximum Annual Contributions Commitment (Per ACC)	\$0	\$0	\$859,253	\$0	\$0	\$0	\$859,253
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1115	Contingency Reserve, ACC Program Reserve	\$0	\$0	\$120,680	\$0	\$0	\$0	\$120,680
1116	Total Annual Contributions Available	\$0	\$0	\$979,933	\$0	\$0	\$0	\$979,933
1120	Unit Months Available	336	600	3,180	0	0	24	4,140
1121	Number of Unit Months Leased	324	588	2,815	0	0	23	3,750

Harrison Metropolitan Housing Authority  
PHA's Statement and Certification of Actual Modernization Cost  
March 31, 2006

Capital Fund Program Number OH12P06750103

1. The Program Costs are as follows:

Funds Approved	\$54,425
Funds Expended	<u>54,425</u>
Excess (Deficiency) of Funds Approved	<u><u>\$ -0-</u></u>
Funds Advanced	\$54,425
Funds Expended	<u>54,425</u>
Excess (Deficiency) of Funds Advanced	<u><u>\$ -0-</u></u>

2. All costs have been paid and there are no outstanding obligations.
3. The Final Financial Status Report was signed and filed on September 14, 2005.
4. 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, 2006

<b>FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES</b>	<b>CFDA NUMBER</b>	<b>EXPENDITURES</b>
<b>U.S. Department of Housing and Urban Development Direct Program</b>		
Low Rent Public Housing	14.850a	\$60,521
Housing Choice Voucher Program	14.871	859,253
Public Housing Capital Fund Program	14.872	<u>61,790</u>
Total Direct Program		<u>981,564</u>
<b>Pass-Through Program Harrison County</b>		
Community Housing Improvement Program	14.239	<u>39,318</u>
Total Pass-Through Program		<u>39,318</u>
<b>Total U.S. Department of Housing and Urban Development</b>		<u><b>1,020,882</b></u>
<b>U.S. Department of Agriculture - Rural Housing Service Direct Program</b>		
Rural Rental Housing Loan	10.415	<u>34,162</u>
<b>Total U.S. Department of Agriculture</b>		<u><b>34,162</b></u>
<b>Total Expenditure of Federal Award</b>		<u><b>\$1,055,044</b></u>



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

Board of Directors  
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, 2006, which collectively comprise the Harrison Metropolitan Housing Authority, Ohio, basic financial statements and have issued my report thereon dated October 18, 2006. 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 in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal component does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation the financial statements being auditing may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses. However, I noted other matters involving the internal control over financial reporting that I have reported to management of the Harrison Metropolitan Housing Authority, Ohio, in a separate letter dated October 18, 2006.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Harrison Metropolitan Housing Authority, Ohio's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion.

The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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

A handwritten signature in cursive script, reading "Salvatore Consiglio".

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Salvatore Consiglio, CPA, Inc.

October 18, 2006



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

Board of Directors  
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, 2006. 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.

I noted certain matters that I reported to management of Harrison Metropolitan Housing Authority, Ohio, in a separate letter dated October 18, 2006.

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, 2006.

## **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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I considered to be material weaknesses.

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



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Salvatore Consiglio, CPA, Inc.

October 18, 2006

Harrison Metropolitan Housing Authority  
 Schedule of Findings and Questioned Costs  
 OMB Circular A-133 § .505  
 March 31, 2006

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

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

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

There are no Findings or questioned costs for the year ended March 31, 2006.

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

There are no Findings or questioned costs for the year ended March 31, 2006.

Harrison Metropolitan Housing Authority  
Schedule of Prior Audit Findings  
March 31, 2006

The audit report for the fiscal year ending March 31, 2005 contained no audit finding.



**Mary Taylor, CPA**  
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 23, 2007**