

BASIC FINANCIAL STATEMENTS

of the

**BROWN METROPOLITAN
HOUSING AUTHORITY**

for the

Year Ended March 31, 2009



Mary Taylor, CPA
Auditor of State

Board of Directors
Brown Metropolitan Housing Authority
406 W. Plum
Georgetown, Ohio 45121-1056

We have reviewed the *Independent Auditors' Report* of the Brown Metropolitan Housing Authority, Brown County, prepared by Jones, Cochenour & Co., for the audit period April 1, 2008 through March 31, 2009. 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 Brown Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

November 30, 2009

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BROWN METROPOLITAN HOUSING AUTHORITY
TABLE OF CONTENTS
March 31, 2009

| | <u>Page</u> |
|---|----------------|
| Independent Auditors' Report | 1 – 2 |
| Management's Discussion and Analysis | 3 – 8 |
| Basic Financial Statements: | |
| Statement of Net Assets | 9 |
| Statement of Revenues, Expenses and Changes in Net Assets | 10 |
| Statement of Cash Flows | 11 |
| Notes to the Basic Financial Statements | 12 – 18 |
| Supplemental Data: | |
| FDS Schedule | 19 – 26 |
| Cost Certification | 27 |
| 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 | 28 – 29 |



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Brown Metropolitan Housing Authority
Georgetown, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited the accompanying basic financial statements of Brown Metropolitan Housing Authority, as of and for the year ended March 31, 2009, as listed in the table of contents. These basic financial statements are the responsibility of the Brown Metropolitan Housing Authority's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our 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 we 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Brown Metropolitan Housing Authority, as of March 31, 2009, and the results of its operations and the cash flows of its proprietary fund activities for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2009 on our consideration of Brown Metropolitan Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is 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 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 considered in assessing the results of our audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion thereon.

much more than an accounting firm

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Authority taken as a whole. The FDS schedules and cost certifications are presented for purposes of additional analysis and are not a required part of the financial statements of the Brown Metropolitan Housing Authority. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Jones, Cochenour & Co.".

Jones, Cochenour & Co.
October 9, 2009

**BROWN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended March 31, 2009**

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 decreased by \$13,910 (4.67%) during 2009, and was \$284,147 and \$298,057 for 2009 and 2008, respectively.
- The total expenses increased by \$34,408 (11.26%). Total expenses were \$339,757 and \$305,349 for 2009 and 2008, respectively.

USING THIS ANNUAL REPORT

This is a different presentation of the Authority's financial statements. The following graphic outlining these changes is provided for your review:

| |
|---|
| MD&A ~ Management's Discussion and Analysis ~ |
| Basic Financial Statements ~ Statement of Net Assets ~ ~ Statement of Revenues, Expenses and Changes in Net Assets ~ ~ Statement of Cash Flows ~ ~ Notes to Basic Financial Statements ~ |

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.

**BROWN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
Year Ended March 31, 2009**

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 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, equals “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 (as applicable):

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”. This account resembles the old operating reserves account.

The basic financial statements also include a Statement of Revenues, Expenses and Changes in Net Assets (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 Changes in Net Assets is the “Change in Net Assets”, 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:

Conventional Public Housing – Under the Conventional Public Housing 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.

Capital Fund Program (CFP) – This is the current 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
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
Year Ended March 31, 2009**

Unaudited

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.

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS

The following table reflects the condensed Statement of Net Assets compared to prior year.

**TABLE 1
STATEMENT OF NET ASSETS**

| | 2009 | 2008 |
|---|----------------------------|----------------------------|
| Current and other assets | \$ 51,243 | \$ 78,962 |
| Capital assets | <u>1,216,716</u> | <u>1,238,009</u> |
| TOTAL ASSETS | <u>1,267,959</u> | <u>1,316,971</u> |
| Current liabilities | <u>22,353</u> | <u>15,755</u> |
| TOTAL LIABILITIES | <u>22,353</u> | <u>15,755</u> |
| Net Assets: | | |
| Invested in capital assets, net of related debt | 1,216,716 | 1,238,009 |
| Restricted net assets | (6,503) | 20,702 |
| Unrestricted | <u>35,393</u> | <u>42,505</u> |
| TOTAL NET ASSETS | <u><u>\$ 1,245,606</u></u> | <u><u>\$ 1,301,216</u></u> |

MAJOR FACTORS AFFECTING THE STATEMENT OF NET ASSETS:

Capital assets decreased mainly from the cashing in of a Certificate of Deposit for repairs made to the roof and gutters. The repairs were not completed as of the audit report date, therefore not added to capital improvements. Total liabilities increased because of the voucher program. We were unable to pay the Management Fees because of the HAP increases.

**BROWN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
Year Ended March 31, 2009**

Unaudited

**TABLE 2
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

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

| | <u>2009</u> | <u>2008</u> |
|----------------------------------|--------------------|-------------------|
| Revenues | | |
| Tenant revenue - rents and other | \$ 27,834 | \$ 24,336 |
| Operating subsidies and grants | 253,086 | 261,731 |
| Investment income/other revenues | 3,227 | 11,990 |
| TOTAL REVENUE | <u>284,147</u> | <u>298,057</u> |
| Expenses | | |
| Administration | 82,127 | 77,301 |
| Utilities | 18,246 | 19,583 |
| Maintenance | 32,593 | 35,665 |
| General / PILOT | 2,570 | 851 |
| Housing assistance payments | 157,736 | 126,304 |
| Depreciation | 46,485 | 45,645 |
| TOTAL EXPENSES | <u>339,757</u> | <u>305,349</u> |
| NET (DECREASE) | <u>\$ (55,610)</u> | <u>\$ (7,292)</u> |

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

The revenues decreased due to the reduction in Capital Funds awards. The expenses increased due to the \$10,700 Tax Credit Vouchers received during fiscal year 2008 were not expensed until this fiscal year, the roofing/shingle work was in progress during the audit period, and because of job losses, we find that the amount of Housing Assistance Payments are increasing as tenant income is decreasing.

**BROWN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
Year Ended March 31, 2009**

Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

As of year end, the Authority had \$1,216,716 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of \$21,293 from the end of last year.

**TABLE 3
CAPITAL ASSETS AT YEAR-END
(NET OF DEPRECIATION)**

| | 2009 | 2008 |
|--------------------------|---------------------|---------------------|
| Land and land rights | \$ 1,049 | \$ 1,049 |
| Buildings | 1,752,740 | 1,752,740 |
| Equipment - dwellings | 50,495 | 25,303 |
| Accumulated depreciation | (587,568) | (541,083) |
| TOTAL | \$ 1,216,716 | \$ 1,238,009 |

The following reconciliation summarizes the change in Capital Assets.

**TABLE 4
CHANGE IN CAPITAL ASSETS**

| | | |
|--------------------------|-----------|------------------|
| BEGINNING BALANCE | \$ | 1,238,009 |
| Capital asset additions | | 25,192 |
| Depreciation | | (46,485) |
| ENDING BALANCE | \$ | 1,216,716 |

**BROWN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
Year Ended March 31, 2009**

Unaudited

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Due to the economic depression in Brown County, foreclosures and unemployment rate are rising, and making our waiting list increase at a rapid pace. The current HAP Tenants are losing their jobs thus making our HAP expense increase and we are unable to pay our Management Fees.

FINANCIAL CONTACT

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

Respectfully submitted,

Shelly Spiller
Executive Director

**BROWN METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET ASSETS
PROPRIETARY FUND TYPE
ENTERPRISE FUND
MARCH 31, 2009**

ASSETS

| | |
|--|--------------|
| Cash and cash equivalents | \$ 48,854 |
| Accounts receivable - net of allowance | <u>2,389</u> |

| | |
|-----------------------------|---------------|
| TOTAL CURRENT ASSETS | 51,243 |
|-----------------------------|---------------|

CAPITAL ASSETS

| | |
|----------------------------|------------------|
| Land | 1,049 |
| Other capital assets - net | <u>1,215,667</u> |

| | |
|-----------------------------|-------------------------|
| TOTAL CAPITAL ASSETS | <u>1,216,716</u> |
|-----------------------------|-------------------------|

| | |
|---------------------|------------------|
| TOTAL ASSETS | 1,267,959 |
|---------------------|------------------|

LIABILITIES AND EQUITY

| | |
|---------------------------|--------------|
| Accounts payable | 11,965 |
| Intergovernmental payable | 4,063 |
| Tenant security deposits | <u>6,325</u> |

| | |
|--------------------------|----------------------|
| TOTAL LIABILITIES | <u>22,353</u> |
|--------------------------|----------------------|

NET ASSETS

| | |
|--|---------------|
| Invested in capital assets - net of related debt | 1,216,716 |
| Restricted net assets | (6,503) |
| Unrestricted net assets | <u>35,393</u> |

| | |
|-------------------------|--------------------------------|
| TOTAL NET ASSETS | <u><u>1,245,606</u></u> |
|-------------------------|--------------------------------|

BROWN METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND TYPE
ENTERPRISE FUND
Year Ended March 31, 2009

| | |
|-------------------------------------|-----------------------------------|
| OPERATING REVENUES | |
| HUD operating grants | \$ 227,894 |
| Tenant revenue | 27,834 |
| Other revenue | <u>1,676</u> |
| TOTAL OPERATING REVENUES | 257,404 |
| OPERATING EXPENSES | |
| Housing assistance payments | 157,736 |
| Administrative | 79,030 |
| Utilities | 18,246 |
| Insurance | 3,097 |
| Maintenance | 32,593 |
| General/PILOT | 2,570 |
| Depreciation | <u>46,485</u> |
| TOTAL OPERATING EXPENSES | <u>339,757</u> |
| OPERATING (LOSS) | (82,353) |
| NON-OPERATING REVENUE | |
| Interest income | 1,551 |
| HUD Capital Grants | <u>25,192</u> |
| TOTAL NON-OPERATING REVENUE | <u>26,743</u> |
| CHANGE IN NET ASSETS | (55,610) |
| NET ASSETS BEGINNING OF YEAR | <u>1,301,216</u> |
| NET ASSETS END OF YEAR | <u><u>\$ 1,245,606</u></u> |

See accompanying notes to the basic financial statements

BROWN METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
ENTERPRISE FUND
Year Ended March 31, 2009

CASH FLOWS FROM OPERATING ACTIVITIES:

| | | |
|--|----|-----------------|
| Cash received from HUD | \$ | 222,672 |
| Cash received from tenants | | 27,721 |
| Cash received from other | | 1,676 |
| Cash payments for housing assistance payments | | (157,736) |
| Cash payments for administrative | | (118,494) |
| | | (24,161) |
| NET CASH (USED) BY OPERATING ACTIVITIES | | (24,161) |

CASH FLOW FROM CAPITAL ACTIVITIES

| | | |
|--|--|----------|
| Capital grants received for capital assets | | 25,192 |
| Acquisition of capital assets | | (25,192) |
| | | - |
| NET CASH FROM CAPITAL ACTIVITIES | | - |

CASH FLOWS FROM INVESTING ACTIVITIES:

| | | |
|--|--|-----------------|
| Investment earnings | | 1,551 |
| | | (22,610) |
| DECREASE IN CASH AND CASH EQUIVALENTS | | (22,610) |

CASH AND CASH EQUIVALENTS, BEGINNING

| | | |
|--|-----------|---------------|
| | | 71,464 |
| CASH AND CASH EQUIVALENTS, ENDING | \$ | 48,854 |

**RECONCILIATION OF OPERATING LOSS TO NET CASH
(USED) BY OPERATING ACTIVITIES:**

| | | |
|--|-----------|-----------------|
| Operating (loss) | \$ | (82,353) |
| Adjustments to reconcile operating loss to net cash provided by operating activities | | |
| Depreciation | | 46,485 |
| (Increase) decrease in: | | |
| Receivables - net of allowance | | 5,109 |
| Increase (decrease) in: | | |
| Accounts payable | | 6,382 |
| Intergovernmental payables | | 87 |
| Tenant security deposits | | 129 |
| | | (24,161) |
| NET CASH (USED) BY OPERATING ACTIVITIES | \$ | (24,161) |

BROWN METROPOLITAN HOUSING AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended March 31, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

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 Authority also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or after November 30, 1989, to its business-type activities and to its proprietary fund provided they do not conflict with or contradict GASB pronouncements. The more significant of the Authority's accounting policies are described below.

Reporting Entity

The 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 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.

Basis of Presentation

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

The Authority uses a single enterprise fund to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

BROWN METROPOLITAN HOUSING AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended March 31, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Enterprise fund reporting focuses on the determination of the change in net assets, financial position and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services.

Measurement Focus

The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the Authority are included on the statement of net assets. The statement of changes in net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Authority finances and meets the cash flow needs of its enterprise activity.

Enterprise Fund

The Authority uses the proprietary fund to report on its financial position and the results of its operations for the Section 8 and public housing 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.

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

Conventional Public Housing (PH) – Under the Conventional Public Housing 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.

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 the size and age of the units.

Housing Choice Voucher Program (HCVP) – 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 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.

Accounting and Reporting for Nonexchange Transactions

Nonexchange transactions occur when the Public Housing Authority (PHA) receives (or gives) value without directly giving equal value in return. GASB 33 identifies four classes of nonexchange transactions as follows:

- **Derived tax revenues:** result from assessments imposed on exchange transactions (i.e., income taxes, sales taxes and other assessments on earnings or consumption).
- **Imposed nonexchange revenues:** result from assessments imposed on nongovernmental entities, including individuals, other than assessments on exchange transactions (i.e. property taxes and fines).
- **Government-mandated nonexchange transactions:** occur when a government at one level provides resources to a government at another level and requires the recipient to use the resources for a specific purpose (i.e., federal programs that state or local governments are mandated to perform).
- **Voluntary nonexchange transactions:** result from legislative or contractual agreements, other than exchanges, entered into willingly by the parties to the agreement (i.e., certain grants and private donations).

BROWN METROPOLITAN HOUSING AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended March 31, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

PHA grants and subsidies will be defined as a government-mandated or voluntary nonexchange transactions.

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 assets, 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.

Investments

Investments are restricted by the provisions of the HUD Regulations (See Note 2). Interest income earned in fiscal year 2009 for both programs totaled \$1,551.

Capital Assets

Fixed assets are stated at cost and depreciation is computed using the straight line method over an estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized. The Authority's capitalization policy is \$500. The following are the useful lives used for depreciation purposes:

| | |
|-----------------------------|------|
| Buildings – residential | 27.5 |
| Buildings – non residential | 40 |
| Building improvements | 15 |
| Furniture – dwelling | 7 |
| Furniture – non-dwelling | 7 |
| Equipment – dwelling | 5 |
| Equipment – non-dwelling | 7 |
| Autos and trucks | 5 |
| Computer hardware | 3 |
| Computer software | 3 |
| Leasehold improvements | 15 |

Due From/To Other Programs

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

BROWN METROPOLITAN HOUSING AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended March 31, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Deferred Revenue

Deferred revenue arises when revenues are received before revenue recognition criteria have been satisfied.

Accrued Liabilities

All payables and accrued liabilities are reported in the basic financial statements.

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 balances 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 either by internal or external restrictions.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Authority, these revenues are tenant revenues, operating grants from HUD and other miscellaneous revenue.

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

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.

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.

Capital Grant

This represents grants provided by HUD that the Authority spends on capital assets.

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 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.

Receivables – Net of Allowance

Bad debts are provided on the allowance method based on management's evaluation of the collectibility of outstanding tenant receivable balances at the end of the year. The allowance for doubtful accounts was \$50 at March 31, 2009.

2. CASH AND INVESTMENTS

Cash

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

BROWN METROPOLITAN HOUSING AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended March 31, 2009

2. CASH AND INVESTMENTS- CONTINUED

Inactive deposits are public deposits that the Authority has 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 is including, but not limited to passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies, which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time 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's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) by eligible securities pledged by the financial institution as security for repayment, but surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

At fiscal year end March 31, 2009, the carrying amount of the Authority's deposits totaled \$48,854 and its bank balance was \$50,022. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of March 31, 2009, \$0 was exposed to custodial risk as discussed below.

Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

3. 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 coverage in 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, 2009

4. CAPITAL ASSETS

The following is a summary of capital assets:

| | <u>Balance 3/31/2008</u> | <u>Additions / Deletions/ Corrections</u> | <u>Balance 3/31/2009</u> |
|---|------------------------------|---|------------------------------|
| CAPITAL ASSETS, NOT BEING DEPRECIATED | | | |
| Land | \$ 1,049 | \$ - | \$ 1,049 |
| TOTAL CAPITAL ASSETS, NOT BEING DEPRECIATED | <u>1,049</u> | <u>-</u> | <u>1,049</u> |
| CAPITAL ASSETS, BEING DEPRECIATED | | | |
| Buildings and improvements | \$ 1,752,740 | \$ - | \$ 1,752,740 |
| Furniture and equipment | <u>25,303</u> | <u>25,192</u> | <u>50,495</u> |
| Totals at Historical Costs | <u>1,778,043</u> | <u>25,192</u> | <u>1,803,235</u> |
| Less: Accumulated Depreciation | <u>(541,083)</u> | <u>(46,485)</u> | <u>(587,568)</u> |
| TOTAL CAPITAL ASSETS, NET, BEING DEPRECIATED | <u>1,236,960</u> | <u>(21,293)</u> | <u>1,215,667</u> |
| TOTAL NET CAPITAL ASSETS | <u>\$ 1,238,009</u> | <u>\$ (21,293)</u> | <u>\$ 1,216,716</u> |

5. 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.

6. FDS SCHEDULE SUBMITTED TO HUD

For the fiscal year ended March 31, 2009, the Authority electronically submitted an unaudited version of the balance sheet, statement of revenues, expenses and changes in net assets 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 Housing and Urban Development.

BROWN METROPOLITAN HOUSING AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended March 31, 2009

7. 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.

8. HAP AND ADMINISTRATIVE TRACKING ACCOUNTS

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

| | <u>HAP</u> | <u>Administrative</u> | <u>Total</u> |
|-------------------------------|-------------------|-----------------------|-------------------|
| Balance 3/31/08 | \$ 20,702 | \$ (1,633) | \$ 19,069 |
| HAP received | 129,076 | - | 129,076 |
| Administrative received | - | 21,176 | 21,176 |
| HAP expenses | (157,736) | - | (157,736) |
| Administrative expenses | - | (21,116) | (21,116) |
| Interest income/ other income | 1,455 | 315 | 1,770 |
| Balance 3/31/09 | <u>\$ (6,503)</u> | <u>\$ (1,258)</u> | <u>\$ (7,761)</u> |

The HAP tracking account is denoted as restricted net assets on the Statement of Net Assets.

BROWN METROPOLITAN HOUSING AUTHORITY
PROPRIETARY FUND TYPE
ENTERPRISE FUND
CONSOLIDATED - STATEMENT OF NET ASSETS
March 31, 2009

| Line Item No. | Description | Project Totals | Program Totals | Subtotal | Elimination | Total |
|---------------|--|---------------------|------------------|---------------------|-------------------|---------------------|
| | Balance Sheet | | | | | |
| 111 | Cash-unrestricted | \$ 40,486 | \$ 2,043 | \$ 42,529 | | \$ 42,529 |
| 114 | Cash-tenant security deposits | \$ 6,325 | \$ - | \$ 6,325 | | \$ 6,325 |
| 100 | Total Cash | \$ 46,811 | \$ 2,043 | \$ 48,854 | \$ - | \$ 48,854 |
| 122 | Accounts receivable - HUD other projects | \$ - | \$ 2,044 | \$ 2,044 | | \$ 2,044 |
| 126 | Accounts receivable - tenants | \$ 201 | \$ 194 | \$ 395 | | \$ 395 |
| 126.1 | Allowance for doubtful accounts - tenants | \$ (50) | \$ - | \$ (50) | | \$ (50) |
| 120 | Total receivables, net of allowance for doubtful accounts | \$ 151 | \$ 2,238 | \$ 2,389 | \$ - | \$ 2,389 |
| 144 | Inter program - due from | \$ 2,044 | \$ 3,125 | \$ 5,169 | -\$5,169 | \$ - |
| 150 | Total Current Assets | \$ 49,006 | \$ 7,406 | \$ 56,412 | \$ (5,169) | \$ 51,243 |
| 161 | Land | \$ 1,049 | \$ - | \$ 1,049 | | \$ 1,049 |
| 162 | Buildings | \$ 1,752,740 | \$ - | \$ 1,752,740 | | \$ 1,752,740 |
| 164 | Furniture, equipment and machinery - administration | \$ 25,303 | \$ 25,192 | \$ 50,495 | | \$ 50,495 |
| 166 | Accumulated depreciation | \$ (586,728) | \$ (840) | \$ (587,568) | | \$ (587,568) |
| 160 | Total capital assets, net of accumulated depreciation | \$ 1,192,364 | \$ 24,352 | \$ 1,216,716 | \$ - | \$ 1,216,716 |
| 180 | Total Non-current Assets | \$ 1,192,364 | \$ 24,352 | \$ 1,216,716 | \$ - | \$ 1,216,716 |
| 190 | Total Assets | \$ 1,241,370 | \$ 31,758 | \$ 1,273,128 | \$ (5,169) | \$ 1,267,959 |
| 312 | Accounts payable <= 90 days | \$ 5,093 | \$ 6,872 | \$ 11,965 | | \$ 11,965 |
| 331 | Accounts payable - HUD PHA Programs | \$ - | \$ 3,125 | \$ 3,125 | | \$ 3,125 |
| 333 | Accounts payable - other government | \$ 938 | \$ - | \$ 938 | | \$ 938 |
| 341 | Tenant security deposits | \$ 6,325 | \$ - | \$ 6,325 | | \$ 6,325 |
| 347 | Inter program - due to | \$ - | \$ 5,169 | \$ 5,169 | -\$5,169 | \$ - |
| 310 | Total Current Liabilities | \$ 12,356 | \$ 15,166 | \$ 27,522 | \$ (5,169) | \$ 22,353 |
| 300 | Total Liabilities | \$ 12,356 | \$ 15,166 | \$ 27,522 | \$ (5,169) | \$ 22,353 |
| 508.1 | Invested in capital assets, net of related debt | \$ 1,192,364 | \$ 24,352 | \$ 1,216,716 | | \$ 1,216,716 |
| 511.1 | Restricted Net Assets | \$ - | \$ (6,503) | \$ (6,503) | | \$ (6,503) |
| 512.1 | Unrestricted Net Assets | \$ 36,650 | \$ (1,257) | \$ 35,393 | | \$ 35,393 |
| 513 | Total Equity/Net Assets | \$ 1,229,014 | \$ 16,592 | \$ 1,245,606 | \$ - | \$ 1,245,606 |
| 600 | Total Liabilities and Equity/Net assets | \$ 1,241,370 | \$ 31,758 | \$ 1,273,128 | \$ (5,169) | \$ 1,267,959 |

See independent auditors' report

BROWN METROPOLITAN HOUSING AUTHORITY
PROPRIETARY FUND TYPE
ENTERPRISE FUND
CONSOLIDATED - STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
Year Ended March 31, 2009

| Line Item No. | Description | Project Totals | Program Totals | Subtotal | Elimination | Total |
|-------------------------|--|----------------|----------------|------------|-------------|------------|
| Income Statement | | | | | | |
| 70300 | Net tenant rental revenue | \$ 27,467 | \$ - | \$ 27,467 | | \$ 27,467 |
| 70400 | Tenant revenue - other | \$ 367 | \$ - | \$ 367 | | \$ 367 |
| 70500 | Total Tenant Revenue | \$ 27,834 | \$ - | \$ 27,834 | \$ - | \$ 27,834 |
| 70600-010 | Housing assistance payments | \$ - | \$ 129,076 | \$ 129,076 | | \$ 129,076 |
| 70600-020 | Ongoing administrative fees earned | \$ - | \$ 21,176 | \$ 21,176 | | \$ 21,176 |
| 70600 | HUD PHA operating grants | \$ 65,388 | \$ 162,506 | \$ 227,894 | | \$ 227,894 |
| 70610 | Capital grants | \$ - | \$ 25,192 | \$ 25,192 | | \$ 25,192 |
| 71100 | Investment income - unrestricted | \$ 1,457 | \$ - | \$ 1,457 | | \$ 1,457 |
| 71400-010 | Housing Assistance Payment | \$ - | \$ 116 | \$ 116 | | \$ 116 |
| 71400-020 | Administrative Fee | \$ - | \$ 116 | \$ 116 | | \$ 116 |
| 71400 | Fraud recovery | \$ - | \$ 232 | \$ 232 | | \$ 232 |
| 71500 | Other revenue | \$ - | \$ 1,444 | \$ 1,444 | | \$ 1,444 |
| 72000-010 | Housing Assistance Payment | \$ - | \$ 94 | \$ 94 | | \$ 94 |
| 72000 | Investment income - restricted | \$ - | \$ 94 | \$ 94 | | \$ 94 |
| 70000 | Total Revenue | \$ 94,679 | \$ 189,468 | \$ 284,147 | \$ - | \$ 284,147 |
| 91200 | Auditing fees | \$ 2,160 | \$ 4,535 | \$ 6,695 | | \$ 6,695 |
| 91300 | Management Fee | \$ 35,000 | \$ 25,758 | \$ 60,758 | | \$ 60,758 |
| 91600 | Office Expenses | \$ 8,500 | \$ 3,077 | \$ 11,577 | | \$ 11,577 |
| 91000 | Total Operating-Administrative | \$ 45,660 | \$ 33,370 | \$ 79,030 | \$ - | \$ 79,030 |
| 93100 | Water | \$ 18,219 | \$ - | \$ 18,219 | | \$ 18,219 |
| 93200 | Electricity | \$ 27 | \$ - | \$ 27 | | \$ 27 |
| 93000 | Total Utilities | \$ 18,246 | \$ - | \$ 18,246 | \$ - | \$ 18,246 |
| 94100 | Ordinary maintenance and operations - labor | \$ 11,149 | \$ - | \$ 11,149 | | \$ 11,149 |
| 94200 | Ordinary maintenance and operations - materials and other | \$ 14,192 | \$ - | \$ 14,192 | | \$ 14,192 |
| 94300-120 | Ordinary Maintenance and Operations Contracts - Misc Contracts | \$ 7,252 | \$ - | \$ 7,252 | | \$ 7,252 |
| 94300 | Ordinary Maintenance and Operations Contracts | \$ 7,252 | \$ - | \$ 7,252 | | \$ 7,252 |
| 94000 | Total Maintenance | \$ 32,593 | \$ - | \$ 32,593 | \$ - | \$ 32,593 |
| 96140 | All other Insurance | \$ 3,097 | \$ - | \$ 3,097 | | \$ 3,097 |
| 96100 | Total Insurance Premiums | \$ 3,097 | \$ - | \$ 3,097 | \$ - | \$ 3,097 |
| 96200 | Other general expenses | \$ 11 | \$ - | \$ 11 | | \$ 11 |
| 96300 | Payments in lieu of taxes | \$ 938 | \$ - | \$ 938 | | \$ 938 |
| 96400 | Bad debt - tenant rents | \$ 1,621 | \$ - | \$ 1,621 | | \$ 1,621 |
| 96000 | Total Other General Expenses | \$ 2,570 | \$ - | \$ 2,570 | \$ - | \$ 2,570 |
| 96900 | Total Operating Expenses | \$ 102,166 | \$ 33,370 | \$ 135,536 | \$ - | \$ 135,536 |

See independent auditors' report

BROWN METROPOLITAN HOUSING AUTHORITY
PROPRIETARY FUND TYPE
ENTERPRISE FUND
CONSOLIDATED - STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
Year Ended March 31, 2009

| | | | | | | |
|-----------|---|--------------|-------------|--------------|------|--------------|
| 97000 | Excess Revenue Over Operating Expenses | \$ (7,487) | \$ 156,098 | \$ 148,611 | \$ - | \$ 148,611 |
| 97300-050 | All Other | \$ - | \$ 157,736 | \$ 157,736 | | \$ 157,736 |
| 97300 | Housing assistance payments | \$ - | \$ 157,736 | \$ 157,736 | | \$ 157,736 |
| 97400 | Depreciation expense | \$ 45,645 | \$ 840 | \$ 46,485 | | \$ 46,485 |
| 90000 | Total Expenses | \$ 147,811 | \$ 191,946 | \$ 339,757 | \$ - | \$ 339,757 |
| 10000 | Excess (Deficiency) of Revenue Over (Under) Expenses | \$ (53,132) | \$ (2,478) | \$ (55,610) | \$ - | \$ (55,610) |
| 11030 | Beginning equity | \$ 1,279,011 | \$ 22,205 | \$ 1,301,216 | | \$ 1,301,216 |
| 11040-010 | Prior period adjustments and correction of errors - Editable | \$ 3,135 | \$ (3,135) | \$ - | | \$ - |
| 11040 | Prior period adjustments, equity transfers, and correction of errors | \$ 3,135 | \$ (3,135) | \$ - | | \$ - |
| 11170-001 | Administrative Fee Equity- Beginning Balance | \$ - | \$ (1,633) | \$ (1,633) | | \$ (1,633) |
| 11170-010 | Administrative Fee Revenue | \$ - | \$ 21,176 | \$ 21,176 | | \$ 21,176 |
| 11170-045 | Fraud Recovery Revenue | \$ - | \$ 116 | \$ 116 | | \$ 116 |
| 11170-050 | Other Revenue | \$ - | \$ 199 | \$ 199 | | \$ 199 |
| 11170-060 | Total Admin Fee Revenues | \$ - | \$ 21,491 | \$ 21,491 | | \$ 21,491 |
| 11170-080 | Total Operating Expenses | \$ - | \$ 21,116 | \$ 21,116 | | \$ 21,116 |
| 11170-110 | Total Expenses | \$ - | \$ 21,116 | \$ 21,116 | | \$ 21,116 |
| 11170-002 | Net Administrative Fee | \$ - | \$ 375 | \$ 375 | | \$ 375 |
| 11170-003 | Administrative Fee Equity- Ending Balance | \$ - | \$ (1,258) | \$ (1,258) | | \$ (1,258) |
| 11170 | Administrative Fee Equity | \$ - | \$ (1,258) | \$ (1,258) | | \$ (1,258) |
| 11180-001 | Housing Assistance Payments Equity - Begining Balance | \$ - | \$ 20,702 | \$ 20,702 | | \$ 20,702 |
| 11180-010 | Housing Assistance Payment Revenues | \$ - | \$ 129,076 | \$ 129,076 | | \$ 129,076 |
| 11180-015 | Fraud Recovery Revenue | \$ - | \$ 116 | \$ 116 | | \$ 116 |
| 11180-020 | Other Revenue | \$ - | \$ 1,245 | \$ 1,245 | | \$ 1,245 |
| 11180-025 | Investment Income | \$ - | \$ 94 | \$ 94 | | \$ 94 |
| 11180-030 | Total HAP Revenues | \$ - | \$ 130,531 | \$ 130,531 | | \$ 130,531 |
| 11180-080 | Housing Assistance Payments | \$ - | \$ 157,736 | \$ 157,736 | | \$ 157,736 |
| 11180-100 | Total Housing Assistance Payments Expenses | \$ - | \$ 157,736 | \$ 157,736 | | \$ 157,736 |
| 11180-002 | Net Housing Assistance Payments | \$ - | \$ (27,205) | \$ (27,205) | | \$ (27,205) |
| 11180-003 | Housing Assistance Payments Equity-Ending Balance | \$ - | \$ (6,503) | \$ (6,503) | | \$ (6,503) |
| 11180 | Housing Assistance Payments Equity | \$ - | \$ (6,503) | \$ (6,503) | | \$ (6,503) |
| 11190-230 | Other Adjustments | 0 | 456 | 456 | | 456 |
| 11190 | Unit Months Available | 228 | 456 | 684 | | 684 |
| 11210 | Unit Months Leased | 222 | 452 | 674 | | 674 |
| 11270 | Excess Cash | \$ 40,486 | \$ - | \$ 40,486 | | \$ 40,486 |

See independent auditors' report

BROWN METROPOLITAN HOUSING AUTHORITY
PROPRIETARY FUND TYPE
ENTERPRISE FUND
PROJECT - STATEMENT OF NET ASSETS
March 31, 2009

| Line Item No. | Description | Total Projects | OH081000001 |
|---------------|--|---------------------|---------------------|
| 111 | Cash-unrestricted | \$ 40,486 | \$40,486 |
| 114 | Cash-tenant security deposits | \$ 6,325 | \$6,325 |
| 100 | Total Cash | \$ 46,811 | \$ 46,811 |
| 126 | Accounts receivable - tenants | \$ 201 | \$201 |
| 126.1 | Allowance for doubtful accounts - tenants | \$ (50) | -\$50 |
| 120 | Total receivables, net of allowance for doubtful accounts | \$ 151 | \$ 151 |
| 144 | Inter program - due from | \$ 2,044 | \$2,044 |
| 150 | Total Current Assets | \$ 49,006 | \$ 49,006 |
| 161 | Land | \$ 1,049 | \$1,049 |
| 162 | Buildings | \$ 1,752,740 | \$1,752,740 |
| 164 | Furniture, equipment and machinery - administration | \$ 25,303 | \$25,303 |
| 166 | Accumulated depreciation | \$ (586,728) | -\$586,728 |
| 160 | Total capital assets, net of accumulated depreciation | \$ 1,192,364 | \$ 1,192,364 |
| 180 | Total Non-current Assets | \$ 1,192,364 | \$ 1,192,364 |
| 190 | Total Assets | \$ 1,241,370 | \$ 1,241,370 |
| 312 | Accounts payable <= 90 days | \$ 5,093 | \$5,093 |
| 333 | Accounts payable - other government | \$ 938 | \$938 |
| 341 | Tenant security deposits | \$ 6,325 | \$6,325 |
| 310 | Total Current Liabilities | \$ 12,356 | \$ 12,356 |
| 300 | Total Liabilities | \$ 12,356 | \$ 12,356 |
| 508.1 | Invested in capital assets, net of related debt | \$ 1,192,364 | \$1,192,364 |
| 511.1 | Restricted Net Assets | \$ - | |
| 512.1 | Unrestricted Net Assets | \$ 36,650 | \$36,650 |
| 513 | Total Equity/Net Assets | \$ 1,229,014 | \$ 1,229,014 |
| 600 | Total Liabilities and Equity/Net assets | \$ 1,241,370 | \$ 1,241,370 |

See independent auditors' report

BROWN METROPOLITAN HOUSING AUTHORITY
PROPRIETARY FUND TYPE
ENTERPRISE FUND
PROJECT - STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
Year Ended March 31, 2009

| Line Item No. | Description | Total Projects | OH081000001 | Operating Fund Program | Capital Fund Program |
|---------------|---|--------------------|--------------------|------------------------|----------------------|
| 70300 | Net tenant rental revenue | \$ 27,467 | \$ 27,467 | \$27,467 | |
| 70400 | Tenant revenue - other | \$ 367 | \$ 367 | \$367 | |
| 70500 | Total Tenant Revenue | \$ 27,834 | \$ 27,834 | \$ 27,834 | \$ - |
| 70600 | HUD PHA operating grants | \$ 65,388 | \$ 65,388 | \$65,388 | |
| 71100 | Investment income - unrestricted | \$ 1,457 | \$ 1,457 | \$1,457 | |
| 70000 | Total Revenue | \$ 94,679 | \$ 94,679 | \$ 94,679 | \$ - |
| 91200 | Auditing fees | \$ 2,160 | \$ 2,160 | \$2,160 | |
| 91300 | Management Fee | \$ 35,000 | \$ 35,000 | \$35,000 | |
| 91600 | Office Expenses | \$ 8,500 | \$ 8,500 | \$8,500 | |
| 91000 | Total Operating-Administrative | \$ 45,660 | \$ 45,660 | \$ 45,660 | \$ - |
| 93100 | Water | \$ 18,219 | \$ 18,219 | \$18,219 | |
| 93200 | Electricity | \$ 27 | \$ 27 | \$27 | |
| 93000 | Total Utilities | \$ 18,246 | \$ 18,246 | \$ 18,246 | \$ - |
| 94100 | Ordinary maintenance and operations - labor | \$ 11,149 | \$ 11,149 | \$11,149 | |
| 94200 | Ordinary maintenance and operations - materials and other | \$ 14,192 | \$ 14,192 | \$14,192 | |
| 94300-120 | Ordinary Maintenance and Operations Contracts - Misc Contracts | \$ 7,252 | \$ 7,252 | \$7,252 | |
| 94300 | Ordinary Maintenance and Operations Contracts | \$ 7,252 | \$ 7,252 | \$ 7,252 | \$ - |
| 94000 | Total Maintenance | \$ 32,593 | \$ 32,593 | \$ 32,593 | \$ - |
| 96140 | All other Insurance | \$ 3,097 | \$ 3,097 | \$3,097 | |
| 96100 | Total Insurance Premiums | \$ 3,097 | \$ 3,097 | \$ 3,097 | \$ - |
| 96200 | Other general expenses | \$ 11 | \$ 11 | \$11 | |
| 96300 | Payments in lieu of taxes | \$ 938 | \$ 938 | \$938 | |
| 96400 | Bad debt - tenant rents | \$ 1,621 | \$ 1,621 | \$1,621 | |
| 96000 | Total Other General Expenses | \$ 2,570 | \$ 2,570 | \$ 2,570 | \$ - |
| 96900 | Total Operating Expenses | \$ 102,166 | \$ 102,166 | \$ 102,166 | \$ - |
| 97000 | Excess Revenue Over Operating Expenses | \$ (7,487) | \$ (7,487) | \$ (7,487) | \$ - |
| 97400 | Depreciation expense | \$ 45,645 | \$ 45,645 | \$45,645 | |
| 90000 | Total Expenses | \$ 147,811 | \$ 147,811 | \$ 147,811 | \$ - |
| 10000 | Excess (Deficiency) of Revenue Over (Under) Expenses | \$ (53,132) | \$ (53,132) | \$ (53,132) | \$ - |
| 11030 | Beginning equity | \$ 1,279,011 | \$ 1,279,011 | \$1,279,011 | |
| 11040-010 | Transfer of Closed Capital Fund 501-06 | \$ 3,135 | \$ 3,135 | \$3,135 | |
| 11040 | Prior period adjustments, equity transfers, and correction of errors | \$ 3,135 | \$ 3,135 | \$ 3,135 | \$ - |
| 11190 | Unit Months Available | 228 | 228 | 228 | |
| 11210 | Unit Months Leased | 222 | 222 | 222 | |
| 11270 | Excess Cash | \$ 40,486 | \$ 40,486 | \$ 40,486 | |

See independent auditors' report

BROWN METROPOLITAN HOUSING AUTHORITY
PROPRIETARY FUND TYPE
ENTERPRISE FUND
PROGRAM - STATEMENT OF NET ASSETS
March 31, 2009

| Line Item No. | Description | Total Programs | Housing Choice Vouchers | Disaster Housing Assistance Grant | Public Housing Capital Fund Program |
|----------------------|--|------------------|-------------------------|-----------------------------------|-------------------------------------|
| Balance Sheet | | | | | |
| 111 | Cash-unrestricted | \$ 2,043 | \$2,043 | | |
| 100 | Total Cash | \$ 2,043 | \$ 2,043 | \$ - | \$ - |
| 122 | Accounts receivable - HUD other projects | \$ 2,044 | | | \$2,044 |
| 126 | Accounts receivable - tenants | \$ 194 | \$194 | | |
| 120 | Total receivables, net of allowance for doubtful accounts | \$ 2,238 | \$ 194 | \$ - | \$ 2,044 |
| 144 | Inter program - due from | \$ 3,125 | | \$3,125 | |
| 150 | Total Current Assets | \$ 7,406 | \$ 2,237 | \$ 3,125 | \$ 2,044 |
| 164 | Furniture, equipment and machinery - administration | \$ 25,192 | | | \$25,192 |
| 166 | Accumulated depreciation | \$ (840) | | | -\$840 |
| 160 | Total capital assets, net of accumulated depreciation | \$ 24,352 | \$ - | \$ - | \$ 24,352 |
| 180 | Total Non-current Assets | \$ 24,352 | \$ - | \$ - | \$ 24,352 |
| 190 | Total Assets | \$ 31,758 | \$ 2,237 | \$ 3,125 | \$ 26,396 |
| 312 | Accounts payable <= 90 days | \$ 6,872 | \$6,872 | | |
| 331 | Accounts payable - HUD PHA Programs | \$ 3,125 | | \$3,125 | |
| 347 | Inter program - due to | \$ 5,169 | \$3,125 | | \$2,044 |
| 310 | Total Current Liabilities | \$ 15,166 | \$ 9,997 | \$ 3,125 | \$ 2,044 |
| 300 | Total Liabilities | \$ 15,166 | \$ 9,997 | \$ 3,125 | \$ 2,044 |
| 508.1 | Invested in capital assets, net of related debt | \$ 24,352 | | | \$24,352 |
| 511.1 | Restricted Net Assets | \$ (6,503) | -\$6,503 | | |
| 512.1 | Unrestricted Net Assets | \$ (1,257) | -\$1,257 | | |
| 513 | Total Equity/Net Assets | \$ 16,592 | \$ (7,760) | \$ - | \$ 24,352 |
| 600 | Total Liabilities and Equity/Net assets | \$ 31,758 | \$ 2,237 | \$ 3,125 | \$ 26,396 |

See independent auditors' report

BROWN METROPOLITAN HOUSING AUTHORITY
PROPRIETARY FUND TYPE
ENTERPRISE FUND
PROGRAM - STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
Year Ended March 31, 2009

| Line Item No. | Description | Total Programs | Housing Choice Vouchers | Disaster Housing Assistance Grant | Public Housing Capital Fund Program |
|---------------|---|-------------------|-------------------------|-----------------------------------|-------------------------------------|
| 70600-010 | Housing assistance payments | \$ 129,076 | \$129,076 | | |
| 70600-020 | Ongoing administrative fees earned | \$ 21,176 | \$21,176 | | |
| 70600 | HUD PHA operating grants | \$ 162,506 | \$ 150,252 | | \$12,254 |
| 70610 | Capital grants | \$ 25,192 | | | \$25,192 |
| 71400-010 | Housing Assistance Payment | \$ 116 | \$116 | | |
| 71400-020 | Administrative Fee | \$ 116 | \$116 | | |
| 71400 | Fraud recovery | \$ 232 | \$ 232 | | |
| 71500 | Other revenue | \$ 1,444 | \$1,444 | | |
| 72000-010 | Housing Assistance Payment | \$ 94 | \$94 | | |
| 72000 | Investment income - restricted | \$ 94 | \$ 94 | | |
| 70000 | Total Revenue | \$ 189,468 | \$ 152,022 | \$ - | \$ 37,446 |
| 91200 | Auditing fees | \$ 4,535 | \$4,535 | | |
| 91300 | Management Fee | \$ 25,758 | \$16,446 | | \$9,312 |
| 91600 | Office Expenses | \$ 3,077 | \$135 | | \$2,942 |
| 91000 | Total Operating-Administrative | \$ 33,370 | \$ 21,116 | \$ - | \$ 12,254 |
| 96900 | Total Operating Expenses | \$ 33,370 | \$ 21,116 | \$ - | \$ 12,254 |
| 97000 | Excess Revenue Over Operating Expenses | \$ 156,098 | \$ 130,906 | \$ - | \$ 25,192 |
| 97300-050 | All Other | \$ 157,736 | \$157,736 | | |
| 97300 | Housing assistance payments | \$ 157,736 | \$ 157,736 | | |
| 97400 | Depreciation expense | \$ 840 | | | \$840 |
| 90000 | Total Expenses | \$ 191,946 | \$ 178,852 | \$ - | \$ 13,094 |
| 10000 | Excess (Deficiency) of Revenue Over (Under) Expenses | \$ (2,478) | \$ (26,830) | \$ - | \$ 24,352 |

See independent auditors' report

BROWN METROPOLITAN HOUSING AUTHORITY
PROPRIETARY FUND TYPE
ENTERPRISE FUND
PROGRAM - STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
Year Ended March 31, 2009

| Line Item No. | Description | Total Programs | Housing Choice Vouchers | Disaster Housing Assistance Grant | Public Housing Capital Fund Program |
|---------------|---|-------------------|-------------------------|-----------------------------------|-------------------------------------|
| 11030 | Beginning equity | \$ 22,205 | \$19,070 | | \$3,135 |
| 11040-010 | Transfer of Closed Capital Fund 501-06 | \$ (3,135) | | | -\$3,135 |
| 11040 | Prior period adjustments, equity transfers, and correction of errors | \$ (3,135) | \$ - | \$ - | \$ (3,135) |
| 11170-001 | Administrative Fee Equity- Beginning Balance | \$ (1,633) | -\$1,633 | | |
| 11170-010 | Administrative Fee Revenue | \$ 21,176 | \$ 21,176 | | |
| 11170-045 | Fraud Recovery Revenue | \$ 116 | \$ 116 | | |
| 11170-050 | Other Revenue | \$ 199 | \$199 | | |
| 11170-060 | Total Admin Fee Revenues | \$ 21,491 | \$ 21,491 | | |
| 11170-080 | Total Operating Expenses | \$ 21,116 | \$ 21,116 | | |
| 11170-110 | Total Expenses | \$ 21,116 | \$ 21,116 | | |
| 11170-002 | Net Administrative Fee | \$ 375 | \$ 375 | | |
| 11170-003 | Administrative Fee Equity- Ending Balance | \$ (1,258) | \$ (1,258) | | |
| 11170 | Administrative Fee Equity | \$ (1,258) | \$ (1,258) | | |
| 11180-001 | Housing Assistance Payments Equity - Begining Balance | \$ 20,702 | \$20,702 | | |
| 11180-010 | Housing Assistance Payment Revenues | \$ 129,076 | \$ 129,076 | | |
| 11180-015 | Fraud Recovery Revenue | \$ 116 | \$ 116 | | |
| 11180-020 | Other Revenue | \$ 1,245 | \$1,245 | | |
| 11180-025 | Investment Income | \$ 94 | \$ 94 | | |
| 11180-030 | Total HAP Revenues | \$ 130,531 | \$ 130,531 | | |
| 11180-080 | Housing Assistance Payments | \$ 157,736 | \$ 157,736 | | |
| 11180-100 | Total Housing Assistance Payments Expenses | \$ 157,736 | \$ 157,736 | | |
| 11180-002 | Net Housing Assistance Payments | \$ (27,205) | \$ (27,205) | | |
| 11180-003 | Housing Assistance Payments Equity-Ending Balance | \$ (6,503) | \$ (6,503) | | |
| 11180 | Housing Assistance Payments Equity | \$ (6,503) | \$ (6,503) | | |
| 11190-230 | Other Adjustments | 456 | 456 | | |
| 11190 | Unit Months Available | 456 | 456 | | |
| 11210 | Unit Months Leased | 452 | 452 | | |

See independent auditors' report

**BROWN METROPOLITAN HOUSING AUTHORITY
COST CERTIFICATIONS**

| | <u>P501-07</u> | <u>R501-07</u> |
|-----------------------|-------------------------|------------------------|
| TOTAL EXPENDED | \$ <u>34,013</u> | \$ <u>1,790</u> |
| TOTAL RECEIVED | \$ <u>34,013</u> | \$ <u>1,790</u> |

1. The actual modernization cost certificate (HUD form 53001) was submitted to HUD.
2. All costs have been expended and no liabilities exist at March 31, 2009.
3. The funds were received as of March 31, 2009.



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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
Brown Metropolitan Housing Authority
Georgetown, Ohio**

**Regional Inspector General of Audit
Department of Housing and Urban
Development**

We have audited the basic financial statements of Brown Metropolitan Housing Authority as of and for the year ended March 31, 2009, and have issued our report thereon dated October 9, 2009. We conducted our 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Brown Metropolitan Housing Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Brown Metropolitan Housing Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Brown Metropolitan Housing Authority's financial statements are free of 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 determination of financial statement amounts. 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 that are required to be reported under *Government Auditing Standards*.

much more than an accounting firm

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

A handwritten signature in black ink that reads "Jones, Cochenour & Co." with a stylized flourish at the end.

Jones, Cochenour & Co.
October 9, 2009



Mary Taylor, CPA
Auditor of State

METROPOLITAN HOUSING AUTHORITY

BROWN 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
DECEMBER 10, 2009**