

Adams Metropolitan Housing Authority

Financial Statements

For the Year Ended September 30, 2010





# Dave Yost • Auditor of State

Board of Commissioners  
Adams Metropolitan Housing Authority  
401 East Seventh Street  
Manchester, Ohio 45144-1401

We have reviewed the *Independent Auditors' Report* of the Adams Metropolitan Housing Authority, Adams County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period October 1, 2009 through September 30, 2010. 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 Adams Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

April 14, 2011

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ADAMS METROPOLITAN HOUSING AUTHORITY  
AUDIT REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2010

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## Independent Auditors' Report

Board of Directors  
Adams Metropolitan Housing Authority

I have audited the accompanying financial statements of the business-type activities of Adams Metropolitan Housing Authority, Ohio, as of and for the year ended September 30, 2010, which collectively comprise the Authority basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Adams 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 respective financial position of the business-type activities of the Adams Metropolitan Housing Authority, Ohio, as of September 30, 2010, and the respective changes in financial position and the 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 March 4, 2011, on my consideration of Adams Metropolitan Housing Authority, Ohio's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant 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 considered in conjunction with this report in considering the results 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 Adams Metropolitan Housing Authority, Ohio, basic financial statements. The accompanying Schedule of Expenditure of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government and Non-Profit Organizations* and is not a required part of the financial statements. The combining financial data schedule ("FDS") is presented for purposes additional analysis as required by the Department of Housing and Urban Development and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, are fairly presented in all material respect in relation to the financial statements taken as a whole.

---

Salvatore Consiglio, CPA, Inc.

March 4, 2011

ADAMS METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2010

UNAUDITED

The Adams 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 position, and (d) identify individual fund issues or concerns.

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

**FINANCIAL HIGHLIGHTS**

- Total assets were \$5,678,429 and \$5,518,809 for 2010 and 2009 respectively. The Authority-wide statements reflect an increase in total assets of \$159,620 during 2010.
- Revenues increased by \$706,754 during 2010, and were \$2,679,577 and \$1,972,823 for 2010 and for 2009 respectively.
- The total expenses of all Authority programs increased by \$399,140. Total expenses were \$2,520,655 and \$2,121,515 for 2010 and 2009 respectively.

**USING THIS ANNUAL REPORT**

This Report includes three major sections, the "Management's Discussion and Analysis (MD&A)", "Basic Financial Statements", and "Other Required Supplementary information":

<b>MD&amp;A</b> ~Management's Discussion and Analysis ~
<b>Basic Financial Statement</b> ~Authority Financial Statements ~
<b>Other Required Supplementary Information</b> ~Required Supplementary Information ~ (Other than the MD&A)



ADAMS METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2010

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**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, 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 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:

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 or 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.

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.

ADAMS METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**Fund Financial Statements**

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. 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 required by the Department of Housing and Urban Development. Others are segregated to enhance accountability and control.

**The Authority's Programs**

**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 and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income.

**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.

**Capital Fund Program**

The public housing program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties. The Department of Housing and Urban Development Capital Fund Program provides grant funds for the development, renovations and construction of Public Housing Projects.

ADAMS METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2010

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>2010</b></u>	<u><b>2009</b></u>
Current and Other Assets	\$ 493,730	\$ 521,427
Capital Assets	<u>5,184,699</u>	<u>4,997,382</u>
<b>Total Assets</b>	<u><b>\$ 5,678,429</b></u>	<u><b>\$ 5,518,809</b></u>
Current Liabilities	\$ 73,887	\$ 63,095
Noncurrent Liabilities	<u>74,672</u>	<u>84,766</u>
<b>Total Liabilities</b>	<u><b>148,559</b></u>	<u><b>147,861</b></u>
Net Assets:		
Investment in Capital Assets, net of Related Debt	5,184,699	4,997,382
Restricted Net Assets	76,778	145,039
Unrestricted Net Assets	<u>268,393</u>	<u>228,527</u>
<b>Total Net Assets</b>	<u><b>5,529,870</b></u>	<u><b>5,370,948</b></u>
<b>Total Liabilities and Net Assets</b>	<u><b>\$ 5,678,429</b></u>	<u><b>\$ 5,518,809</b></u>

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

ADAMS METROPOLITAN HOUSING AUTHORITY  
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**Major Factors Affecting the Statement of Net Assets**

During 2010, current assets decreased by \$27,697. That decrease is primarily reflected in the decrease in Restricted Cash, Tenant Accounts Receivables, and Accounts Receivable – HUD in the Public Housing program.

Capital assets also changed, increasing from \$4,997,382 to \$5,184,699. The increase is the result of capital improvements from ARRA Formula Stimulus grant money received from HUD. This money was used for building improvements as construction in process being completed at multiple sites. For more detail see “Capital Assets” below.

**TABLE 2**

**CHANGE OF UNRESTRICTED NET ASSETS**

Table 2 presents details on the change in Unrestricted Net Assets

Beginning Balance - September 30, 2009	\$	228,527
Results of Operation		158,922
Adjustments:		
Current year Depreciation Expense (1)		328,233
Capital Expenditure (2)		(517,193)
Current year Deletion - Net of Depreciation		1,642
Rounding variance		1
Transfer to Restricted Net Assets		<u>68,261</u>
Ending Balance - September 30, 2010	\$	<u><u>268,393</u></u>

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

While the results of operations are a significant measure of the Authority’s activities, the analysis of the changes in Unrestricted Net Assets provides a clearer change in financial well-being.

ADAMS METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**TABLE 3**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

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

	<u>2010</u>	<u>2009</u>
<b><u>Revenues</u></b>		
Total Tenant Revenues	\$ 145,300	\$ 138,472
Operating Subsidies	2,034,464	1,816,185
Capital Grants	481,193	-
Investment Income	352	618
Other Revenues	18,268	17,548
	<b>2,679,577</b>	<b>1,972,823</b>
<b><u>Expenses</u></b>		
Administrative	409,419	400,940
Tenant Services	13,668	37,645
Utilities	122,075	111,703
Maintenance	320,240	294,477
General and Interest Expenses	129,989	73,783
Housing Assistance Payments	1,197,031	871,438
Depreciation	328,233	331,529
	<b>2,520,655</b>	<b>2,121,515</b>
<b>Net Increases (Decreases)</b>	<b>\$ 158,922</b>	<b>\$ (148,692)</b>

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

Tenant revenue changed from 2009, increasing by \$6,829 (about 5%). Both Capital Grant and Operating Subsidy revenue increased by \$699,472 primarily due to ARRA Formula Stimulus grant money spent during the audit period.

Total expenses increased by \$399,140 over the prior year. The bulk of the increase was in the categories of Administrative, Maintenance and Housing Assistance Payments (HAP).

ADAMS METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUE,  
EXPENSES AND CHANGES IN NET ASSETS NEED** (Continued)

Increases in salaries and benefits were the primary cause of the increase in Administrative Expense. Contracting costs were the primary cause of the increase in Maintenance Expense, and contracting costs increased a small amount across all categories as opposed to a noted spike in any one area. The increase in Housing Assistance Payments was an intended outcome as the agency took steps to increase rental assistance being provided to eligible families by providing rental assistance to more tenant families in the Section 8 Housing Choice Voucher program.

**CAPITAL ASSETS**

**Capital Assets**

As of year end, the Authority had \$5,184,699 invested in a variety of capital assets as reflected in the following schedule, which represents a net increase (current purchases less depreciation) of \$187,317 or 3.75% from the end of last year.

**TABLE 4  
CAPITAL ASSETS AT YEAR-END (net of Depreciation)**

	<u><b>2010</b></u>	<u><b>2009</b></u>
Land and Land Rights	\$ 379,202	\$ 379,202
Buildings	9,165,118	9,156,868
Equipment - Administration	191,240	178,240
Equipment - Dwelling	229,391	229,391
Construction in Progress	472,943	-
Accumulated Depreciation	<u>(5,253,195)</u>	<u>(4,946,319)</u>
 Total	 <u><u>\$ 5,184,699</u></u>	 <u><u>\$ 4,997,382</u></u>

The changes in capital assets were a change in Accumulated Depreciation and the addition of construction in progress in the period. The construction in process was started in this fiscal period and will be added to building improvements at multiple sites when completed.

ADAMS METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**TABLE 5**

**CHANGE IN CAPITAL ASSETS**

Beginning Balance - September 30, 2009	\$	4,997,382
Current year Additions		517,193
Current year Deletion - Net of Depreciation		(1,642)
Current year Depreciation Expense		(328,233)
Rounding Adjustment		<u>(1)</u>
 Ending Balance - September 30, 2010	 \$	 <u><u>5,184,699</u></u>
 Current year Additions are summarized as follows:		
- Pavement Improvements	\$	8,250
- Vehicle		36,000
- Construction In Progress		<u>472,943</u>
 Total 2010 Additions	 \$	 <u><u>517,193</u></u>

**DEBT**

**Debt Outstanding**

As of year-end, the Authority had no debt outstanding.

**ECONOMIC FACTORS**

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to 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

ADAMS METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2010

UNAUDITED

**FINANCIAL CONTACT**

The individual to be contacted regarding this report is James R. Bowman III, Executive Director of the Adams Metropolitan Housing Authority, at (937) 549-2648. Specific requests may be submitted to the Adams Metropolitan Housing Authority at 401 East Seventh Street, Manchester, Ohio 45144-1401.



**ADAMS METROPOLITAN HOUSING AUTHORITY**  
**Statement of Net Assets**  
**Proprietary Funds**  
**September 30, 2010**

**ASSETS**

**Current assets**

Cash and cash equivalents	\$280,746
Restricted cash	106,944
Receivables, net	66,492
Prepaid expenses and other assets	39,548
<b>Total current assets</b>	<b><u>493,730</u></b>

**Noncurrent assets**

Capital assets:	
Land	379,202
Building and equipment	9,585,749
Construction in Progress	472,943
Less accumulated depreciation	<u>(5,253,195)</u>
<b>Total noncurrent assets</b>	<b><u>5,184,699</u></b>
<b>Total assets</b>	<b><u><u>\$5,678,429</u></u></b>

**LIABILITIES**

**Current liabilities**

Accounts payable	\$20,000
Accrued liabilities	19,791
Intergovernmental payables	9,189
Accrued compensated absences - current	6,257
Tenant security deposits	18,650
<b>Total current liabilities</b>	<b><u>73,887</u></b>

**Noncurrent liabilities**

Accrued compensated absences non-current	63,156
Noncurrent liabilities - other	11,516
<b>Total noncurrent liabilities</b>	<b><u>74,672</u></b>
<b>Total liabilities</b>	<b><u><u>\$148,559</u></u></b>

The accompanying notes to the Basic Financial Statements are an integral part of these statements.

**ADAMS METROPOLITAN HOUSING AUTHORITY**  
**Statement of Net Assets (Continued)**  
**Proprietary Funds**  
**September 30, 2010**

***NET ASSETS***

Invested in capital assets, net of related debt	\$5,184,699
Restricted net assets	76,778
Unrestricted net assets	268,393
<b>Total net assets</b>	<b><u><u>\$5,529,870</u></u></b>

The accompanying notes to the Basic Financial Statements are an integral part of these statements.

**ADAMS METROPOLITAN HOUSING AUTHORITY**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended September 30, 2010**

***OPERATING REVENUES***

Tenant Revenue	\$145,300
Government operating grants	2,034,464
Other revenue	13,910
<b>Total operating revenues</b>	<b><u>2,193,674</u></b>

***OPERATING EXPENSES***

Administrative	409,419
Tenant services	13,668
Utilities	122,075
Maintenance	320,240
General	129,989
Housing assistance payment	1,197,031
Depreciation	328,233
<b>Total operating expenses</b>	<b><u>2,520,655</u></b>
<b>Operating income (loss)</b>	<b><u>(326,981)</u></b>

***NONOPERATING REVENUES (EXPENSES)***

Interest and investment revenue	352
<b>Total nonoperating revenues (expenses)</b>	<b><u>352</u></b>
Income (loss) before contributions and transfers	(326,629)
Capital grants	481,193
Gain from Sale of Capital Asset	4,358
Change in net assets	158,922
Total net assets - beginning	5,370,948
<b>Total net assets - ending</b>	<b><u><u>\$5,529,870</u></u></b>

The accompanying notes to the Basic Financial Statements are an integral part of these statements.

**Adams Metropolitan Housing Authority  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended September 30, 2010**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating grants received	\$2,083,585
Tenant revenue received	168,932
Other revenue received	13,910
General and administrative expenses paid	(1,020,880)
Housing assistance payments	<u>(1,197,031)</u>
<b>Net cash provided (used) by operating activities</b>	<b><u>48,516</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest earned	<u>352</u>
<b>Net cash provided (used) by investing activities</b>	<b><u>352</u></b>
<b>CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES</b>	
Capital grant funds received	481,193
Proceeds from Sale of Asset	6,000
Property and equipment purchased	<u>(517,193)</u>
<b>Net cash provided (used) by capital and related activities</b>	<b><u>(30,000)</u></b>
Net increase (decrease) in cash	18,868
Cash and cash equivalents - Beginning of year	<u>368,822</u>
<i>Cash and cash equivalents - End of year</i>	<b><u><u>\$387,690</u></u></b>

The accompanying notes to the Basic Financial Statements are an integral part of these statements.

**Adams Metropolitan Housing Authority  
Statement of Cash Flows (Continued)  
Proprietary Funds  
For the Year Ended September 30, 2010**

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

Net Operating Income (Loss)	(\$326,981)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities	
- Depreciation	328,233
- (Increases) Decreases in Accounts Receivable	37,202
- (Increases) Decreases in Prepaid Assets	7,671
- (Increases) Decreases in Inventory	1,692
- Increases (Decreases) in Accounts Payable	(7,461)
- Increases (Decreases) in Accounts Payable - Other Governments	2,741
- Increases (Decreases) in Compensated Absence Payable	628
- Increases (Decreases) in Accrued Expenses Payable	6,236
- Increases (Decreases) in Tenant Security Deposits	3,019
- Increases (Decreases) in Non-Current Liabilities Other	(4,464)
	(4,464)
<b><i>Net cash provided by operating activities</i></b>	<b><u><u>\$48,516</u></u></b>

The accompanying notes to the Basic Financial Statements are an integral part of these statements.

ADAMS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Summary of Significant Accounting Policies**

The financial statements of the Adams 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 Adams 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.

ADAMS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010  
(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 operations for the HUD programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Funds are classified into three categories: governmental, proprietary and fiduciary. The Authority uses the proprietary category for its programs.

**Proprietary Fund Types**

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

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

ADAMS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010  
(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 Adams 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.

**Investments**

The provisions of the HUD Regulations restrict investments. Investments are valued at market value. Interest income earned in fiscal year ending September 30, 2010 totaled \$352.



ADAMS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010  
(CONTINUED)

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Capital Assets**

Capital assets are stated at cost. The capitalization policy of the Authority is to depreciate all non-expendable personal property having a useful life of more than one year and purchase price of \$1,000 or more per unit. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings	40 year
Buildings Improvements	15 years
Furniture, equipment and machinery	3-7 years

**Net Assets**

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

**Operating Revenues and Expenses**

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

**Capital Contributions**

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

**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.

ADAMS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010  
(CONTINUED)

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Compensated Absences**

The Authority accounts for compensated absences in accordance with GASB Statement No. 16. Sick leave and other compensated absences with similar characteristics are accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments. To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. All employees who meet the termination policy of the Authority for years of service are included in the calculation of the compensated 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 is required by contractual agreements to adopt annual operating budgets for all its HUD funded programs. The budgets for its programs are prepared on a HUD basis, which is materially consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year end. The Board of Commissioners adopts the budget through passage of a budget resolution.

**Accounting and Reporting for Non-exchange Transactions**

The Authority accounts for non-exchange transactions in accordance with Governmental Accounting Standards Board (GASB) Statement No. 33, Accounting and Financial Reporting for Non-exchange Transactions. Non-exchange transactions

ADAMS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010  
(CONTINUED)

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Accounting and Reporting for Non-exchange Transactions (Continued)**

occur when the Authority receives (or gives) value without directly giving (or receiving) equal value in return.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2: DEPOSITS AND INVESTMENTS**

**Deposits**

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

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

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

ADAMS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010  
(CONTINUED)

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

At fiscal yearend September 30, 2010, the carrying amount of the Authority’s deposits totaled \$387,690 and its bank balance was \$442,902. Based on the criteria described in GASB Statement No. 40, “Deposit and Investment Risk Disclosure,” as of September 30, 2010, \$52,029 was exposed to custodial risk as discussed below, while \$390,873 was covered by the Federal Depository Insurance Corporation.

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

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.

**NOTE 3: RESTRICTED CASH AND INVESTMENT**

Restricted cash balance as of September 30, 2010 of \$106,944 represents cash on hand for the following:

- FSS escrow funds held for tenants	\$11,516
- Tenant security deposit	\$18,650
- Cash on hand advance from HUD to be used for tenants housing assistance payments	\$76,778

**NOTE 4: CAPITAL ASSETS**

The following is a summary of changes:

	<b>Balance 09/30/09</b>	<b>Adjust.</b>	<b>Additions</b>	<b>Deletion</b>	<b>Balance 09/30/10</b>
<b>Capital Assets Not Being Depreciated:</b>					
Land	\$379,202	\$0	\$0	\$0	\$379,202
Construction in Progress	0	0	472,943	0	472,943
<b>Total Capital Assets Not Being Depreciated</b>	<b>\$379,202</b>	<b>\$0</b>	<b>\$472,943</b>	<b>\$0</b>	<b>\$852,145</b>

ADAMS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010  
(CONTINUED)

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

	<b>Balance 09/30/09</b>	<b>Adjust.</b>	<b>Additions</b>	<b>Deletion</b>	<b>Balance 09/30/10</b>
<b>Capital Assets Being</b>					
<b>Depreciated:</b>					
Buildings	\$9,156,868	\$0	\$8,250	\$0	\$9,165,118
F,M,E - Dwelling	229,391	0	0	0	229,391
F,M,E - Administration	178,240	0	36,000	(23,000)	191,240
Total Capital Assets Being Depreciated	9,564,499	0	44,250	(23,000)	9,585,749
<b>Accumulated</b>					
<b>Depreciation:</b>					
Buildings	(4,592,068)	0	(319,438)	0	(4,905,506)
F,M,E - Dwelling	(229,375)	0	(16)	0	(229,391)
F,M,E - Administration	(124,876)	0	(8,779)	21,357	(118,298)
Total Accumulated Depreciation	(4,946,319)	0	(328,233)	21,357	(5,253,195)
<b>Total Capital Assets Being Depreciated, Net</b>	<b>4,618,180</b>	<b>0</b>	<b>(283,983)</b>	<b>(1,643)</b>	<b>4,332,554</b>
<b>Total Capital Assets, Net</b>	<b>\$4,997,382</b>	<b>\$0</b>	<b>\$188,960</b>	<b>(\$1,643)</b>	<b>\$5,184,699</b>

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

**Ohio Public Employees Retirement System**

The Authority participates in the Ohio Public Employees Retirement System (OPERS). OPER administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is 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 the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution 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, whose investment is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

ADAMS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010  
(CONTINUED)

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

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of both the Traditional Pension and Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. Effective January 1, 2009, the members of all three plans were required to contribute 10.0 percent of their annual covered salaries. The Authority's contribution rate for 2010 and 2009 was 14.0 percent of covered payroll.

The Authority's required contributions to OPERS for the years ended September 30, 2010, 2009, and 2008 were \$43,825, \$43,753, and \$42,959, respectively. All required contributions for the two previous years have been paid.

**NOTE 6: POSTEMPLOYMENT BENEFITS**

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

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

ADAMS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010  
(CONTINUED)

**NOTE 6: POSTEMPLOYMENT BENEFITS** (Continued)

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

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

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

**A. Funding Policy**

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010 and 2009, the Authority contributed at a rate of 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5% from October 1, 2009 through February 28, 2010 and 5.0% from March 1 through September 2010. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

ADAMS METROPOLITAN HOUSING AUTHORITY  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2010  
 (CONTINUED)

**NOTE 6: POSTEMPLOYMENT BENEFITS** (Continued)

Actual Authority contributions for the year ended September 30, 2010, which were used to fund post-employment benefits were \$16,034.

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

**NOTE 7: COMPENSATED ABSENCES**

Employees earn 2-5 weeks of annual vacation leave per calendar year, based on years of service. Annual leave may be taken after 1 year of employment. As of September 30, 2010, the accrual for compensated absences totaled \$10,623 and has been included in the accrued liabilities account balance in the accompanying Statement of Net Assets. The Authority considers all compensated absences payable as due within one year.

The following is a summary of changes in compensated absence for the year ended September 30, 2010:

	<b>Balance 09/30/09</b>	<b>Increase</b>	<b>Decrease</b>	<b>Balance 09/30/10</b>	<b>Due Within One Year</b>
Compensated Leave	\$68,786	\$37,101	\$36,474	\$69,413	\$6,257

**NOTE 8: NON-CURRENT LIABILITIES – OTHER**

The non-current liabilities other reported on the financial statements of \$11,516 represents money held in escrow for the participants in the Family Self Sufficiency (FSS) program. Since this program is a five year long program, the Authority reported 100% of the money held in escrow as a non-current liability.

**NOTE 9: NOTE TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

The accompanying Schedule of Expenditure of Federal Awards is a summary of the activity of the Authority's federal awards programs. The schedule has been prepared on the accrual basis of accounting.



ADAMS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010  
(CONTINUED)

**NOTE 10: 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 September 30, 2010 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 11: CONTINGENCIES**

**Grants**

Amounts grantor agencies pay to the Authority are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs or excess reserve balances. Management cannot presently determine amounts grantors may disallow or recapture. However, based on prior experience, management believes any such disallowed claims or recaptured amounts would not have a material adverse effect on the overall financial position of the Authority at September 30, 2010.

**Litigations and Claims**

In the normal course of operations the PHA may be subject to litigation and claims. At September 30, 2010 the PHA was aware of any such matters.

**NOTE 12: CHANGES IN ACCOUNTING PRINCIPLES**

For fiscal year 2010, the Authority implemented GASB Statement No. 51, Accounting and Reporting for Intangible Assets, GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, GASB Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, GASB Statement No. 56, Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards, and GASB Statement No. 58, Accounting and Financial Reporting for Chapter 9 Bankruptcies.

The implementation of GASB Statements No. 51, No. 54, No. 55, No. 56, and No. 58 did not affect the presentation of the financial statements of the Authority.

Adams Metropolitan Housing Authority

FDS Schedule Submitted to REAC

Proprietary Fund Type - Enterprise Fund

September 30, 2010

	Project Total	14.871 Housing Choice Vouchers	14.885 Formula Capital Fund Stimulus Grant	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$177,767	\$102,979	\$0	\$280,746	\$0	\$280,746
113 Cash - Other Restricted	\$0	\$88,294	\$0	\$88,294	\$0	\$88,294
114 Cash - Tenant Security Deposits	\$18,650	\$0	\$0	\$18,650	\$0	\$18,650
100 Total Cash	\$196,417	\$191,273	\$0	\$387,690	\$0	\$387,690
122 Accounts Receivable - HUD Other Projects	\$20,902	\$0	\$0	\$20,902	\$0	\$20,902
125 Accounts Receivable - Miscellaneous	\$39,421	\$0	\$0	\$39,421	\$0	\$39,421
126 Accounts Receivable - Tenants	\$28,945	\$0	\$0	\$28,945	\$0	\$28,945
126.1 Allowance for Doubtful Accounts - Tenants	(\$27,000)	\$0	\$0	(\$27,000)	\$0	(\$27,000)
128 Fraud Recovery	\$0	\$6,886	\$0	\$6,886	\$0	\$6,886
128.1 Allowance for Doubtful Accounts - Fraud	\$0	(\$2,662)	\$0	(\$2,662)	\$0	(\$2,662)
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$62,268	\$4,224	\$0	\$66,492	\$0	\$66,492
142 Prepaid Expenses and Other Assets	\$39,548	\$0	\$0	\$39,548	\$0	\$39,548
144 Inter Program Due From	\$42,941	\$0	\$0	\$42,941	(\$42,941)	\$0
150 Total Current Assets	\$341,174	\$195,497	\$0	\$536,671	(\$42,941)	\$493,730
161 Land	\$379,202	\$0	\$0	\$379,202	\$0	\$379,202
162 Buildings	\$9,165,118	\$0	\$0	\$9,165,118	\$0	\$9,165,118
163 Furniture, Equipment & Machinery - Dwellings	\$229,391	\$0	\$0	\$229,391	\$0	\$229,391
164 Furniture, Equipment & Machinery - Administration	\$140,662	\$50,578	\$0	\$191,240	\$0	\$191,240
166 Accumulated Depreciation	(\$5,202,780)	(\$50,415)	\$0	(\$5,253,195)	\$0	(\$5,253,195)

Adams Metropolitan Housing Authority

FDS Schedule Submitted to REAC

Proprietary Fund Type - Enterprise Fund

September 30, 2010

	Project Total	14.871 Housing Choice Vouchers	14.885 Formula Capital Fund Stimulus Grant	Subtotal	ELIM	Total
167 Construction in Progress	\$472,943	\$0	\$0	\$472,943	\$0	\$472,943
160 Total Capital Assets, Net of Accumulated Depreciation	\$5,184,536	\$163	\$0	\$5,184,699	\$0	\$5,184,699
180 Total Non-Current Assets	\$5,184,536	\$163	\$0	\$5,184,699	\$0	\$5,184,699
190 Total Assets	\$5,525,710	\$195,660	\$0	\$5,721,370	(\$42,941)	\$5,678,429
312 Accounts Payable <= 90 Days	\$19,397	\$603	\$0	\$20,000	\$0	\$20,000
321 Accrued Wage/Payroll Taxes Payable	\$18,465	\$1,326	\$0	\$19,791	\$0	\$19,791
322 Accrued Compensated Absences - Current Portion	\$4,047	\$2,210	\$0	\$6,257	\$0	\$6,257
333 Accounts Payable - Other Government	\$9,189	\$0	\$0	\$9,189	\$0	\$9,189
341 Tenant Security Deposits	\$18,650	\$0	\$0	\$18,650	\$0	\$18,650
347 Inter Program - Due To	\$0	\$42,941	\$0	\$42,941	(\$42,941)	\$0
310 Total Current Liabilities	\$69,748	\$47,080	\$0	\$116,828	(\$42,941)	\$73,887
353 Non-current Liabilities - Other	\$0	\$11,516	\$0	\$11,516	\$0	\$11,516
354 Accrued Compensated Absences - Non Current	\$44,730	\$18,426	\$0	\$63,156	\$0	\$63,156
350 Total Non-Current Liabilities	\$44,730	\$29,942	\$0	\$74,672	\$0	\$74,672
300 Total Liabilities	\$114,478	\$77,022	\$0	\$191,500	(\$42,941)	\$148,559
508.1 Invested In Capital Assets, Net of Related Debt	\$5,184,536	\$163	\$0	\$5,184,699	\$0	\$5,184,699

Adams Metropolitan Housing Authority

FDS Schedule Submitted to REAC

Proprietary Fund Type - Enterprise Fund

September 30, 2010

	Project Total	14.871 Housing Choice Vouchers	14.885 Formula Capital Fund Stimulus Grant	Subtotal	ELIM	Total
511.1 Restricted Net Assets	\$0	\$76,778	\$0	\$76,778	\$0	\$76,778
512.1 Unrestricted Net Assets	\$226,696	\$41,697	\$0	\$268,393	\$0	\$268,393
513 Total Equity/Net Assets	\$5,411,232	\$118,638	\$0	\$5,529,870	\$0	\$5,529,870
600 Total Liabilities and Equity/Net Assets	\$5,525,710	\$195,660	\$0	\$5,721,370	(\$42,941)	\$5,678,429
70300 Net Tenant Rental Revenue	\$142,730	\$0	\$0	\$142,730	\$0	\$142,730
70400 Tenant Revenue - Other	\$2,570	\$0	\$0	\$2,570	\$0	\$2,570
70500 Total Tenant Revenue	\$145,300	\$0	\$0	\$145,300	\$0	\$145,300
70600 HUD PHA Operating Grants	\$712,608	\$1,292,958	\$28,898	\$2,034,464	\$0	\$2,034,464
70610 Capital Grants	\$221,116	\$0	\$260,077	\$481,193	\$0	\$481,193
71100 Investment Income - Unrestricted	\$352	\$0	\$0	\$352	\$0	\$352
71400 Fraud Recovery	\$0	\$9,088	\$0	\$9,088	\$0	\$9,088
71500 Other Revenue	\$2,271	\$2,551	\$0	\$4,822	\$0	\$4,822
71600 Gain or Loss on Sale of Capital Assets	\$1,137	\$3,221	\$0	\$4,358	\$0	\$4,358
70000 Total Revenue	\$1,082,784	\$1,307,818	\$288,975	\$2,679,577	\$0	\$2,679,577
91100 Administrative Salaries	\$86,664	\$66,123	\$21,674	\$174,461	\$0	\$174,461
91200 Auditing Fees	\$1,687	\$2,677	\$0	\$4,364	\$0	\$4,364
91500 Employee Benefit contributions - Administrative	\$75,023	\$42,993	\$7,224	\$125,240	\$0	\$125,240

Adams Metropolitan Housing Authority

FDS Schedule Submitted to REAC

Proprietary Fund Type - Enterprise Fund

September 30, 2010

	Project Total	14.871 Housing Choice Vouchers	14.885 Formula Capital Fund Stimulus Grant	Subtotal	ELIM	Total
91700 Legal Expense	\$2,425	\$0	\$0	\$2,425	\$0	\$2,425
91800 Travel	\$9,905	\$4,062	\$0	\$13,967	\$0	\$13,967
91900 Other	\$67,726	\$21,236	\$0	\$88,962	\$0	\$88,962
91000 Total Operating - Administrative	\$243,430	\$137,091	\$28,898	\$409,419	\$0	\$409,419
92100 Tenant Services - Salaries	\$0	\$9,150	\$0	\$9,150	\$0	\$9,150
92300 Employee Benefit Contributions - Tenant Services	\$0	\$4,518	\$0	\$4,518	\$0	\$4,518
92500 Total Tenant Services	\$0	\$13,668	\$0	\$13,668	\$0	\$13,668
93100 Water	\$87,312	\$0	\$0	\$87,312	\$0	\$87,312
93200 Electricity	\$32,381	\$0	\$0	\$32,381	\$0	\$32,381
93300 Gas	\$2,382	\$0	\$0	\$2,382	\$0	\$2,382
93000 Total Utilities	\$122,075	\$0	\$0	\$122,075	\$0	\$122,075
94100 Ordinary Maintenance and Operations - Labor	\$96,387	\$0	\$0	\$96,387	\$0	\$96,387
94200 Ordinary Maintenance and Operations - Materials and Other	\$64,227	\$0	\$0	\$64,227	\$0	\$64,227
94300 Ordinary Maintenance and Operations Contracts	\$68,685	\$0	\$0	\$68,685	\$0	\$68,685
94500 Employee Benefit Contributions - Ordinary Maintenance	\$90,941	\$0	\$0	\$90,941	\$0	\$90,941
94000 Total Maintenance	\$320,240	\$0	\$0	\$320,240	\$0	\$320,240
96110 Property Insurance	\$49,126	\$0	\$0	\$49,126	\$0	\$49,126

Adams Metropolitan Housing Authority

FDS Schedule Submitted to REAC

Proprietary Fund Type - Enterprise Fund

September 30, 2010

	Project Total	14.871 Housing Choice Vouchers	14.885 Formula Capital Fund Stimulus Grant	Subtotal	ELIM	Total
96120 Liability Insurance	\$0	\$6,446	\$0	\$6,446	\$0	\$6,446
96100 Total insurance Premiums	\$49,126	\$6,446	\$0	\$55,572	\$0	\$55,572
96210 Compensated Absences	\$27,766	\$7,332	\$0	\$35,098	\$0	\$35,098
96300 Payments in Lieu of Taxes	\$2,741	\$0	\$0	\$2,741	\$0	\$2,741
96400 Bad debt - Tenant Rents	\$36,578	\$0	\$0	\$36,578	\$0	\$36,578
96000 Total Other General Expenses	\$67,085	\$7,332	\$0	\$74,417	\$0	\$74,417
96900 Total Operating Expenses	\$801,956	\$164,537	\$28,898	\$995,391	\$0	\$995,391
97000 Excess of Operating Revenue over Operating Expenses	\$280,828	\$1,143,281	\$260,077	\$1,684,186	\$0	\$1,684,186
97300 Housing Assistance Payments	\$0	\$1,197,031	\$0	\$1,197,031	\$0	\$1,197,031
97400 Depreciation Expense	\$327,156	\$1,077	\$0	\$328,233	\$0	\$328,233
90000 Total Expenses	\$1,129,112	\$1,362,645	\$28,898	\$2,520,655	\$0	\$2,520,655
10010 Operating Transfer In	\$107,102	\$0	\$0	\$107,102	(\$107,102)	\$0
10020 Operating transfer Out	(\$107,102)	\$0	\$0	(\$107,102)	\$107,102	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(\$46,328)	(\$54,827)	\$260,077	\$158,922	\$0	\$158,922

Adams Metropolitan Housing Authority

FDS Schedule Submitted to REAC

Proprietary Fund Type - Enterprise Fund

September 30, 2010

	Project Total	14.871 Housing Choice Vouchers	14.885 Formula Capital Fund Stimulus Grant	Subtotal	ELIM	Total
11030 Beginning Equity	\$5,217,928	\$153,020	\$0	\$5,370,948	\$0	\$5,370,948
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$239,632	\$20,445	(\$260,077)	\$0	\$0	\$0
Ending Equity	\$5,411,232	\$118,638	\$0	\$5,529,870	\$0	\$5,529,870
				\$0		\$0
11170 Administrative Fee Equity	\$0	\$41,860	\$0	\$41,860	\$0	\$41,860
11180 Housing Assistance Payments Equity	\$0	\$76,778	\$0	\$76,778	\$0	\$76,778
11190 Unit Months Available	1,692	3,456	0	5,148	0	5,148
11210 Number of Unit Months Leased	1,405	3,449	0	4,854	0	4,854
11270 Excess Cash	\$175,862	\$0	\$0	\$175,862	\$0	\$175,862
11610 Land Purchases	\$0	\$0	\$0	\$0	\$0	\$0
11620 Building Purchases	\$481,193	\$0	\$0	\$481,193	\$0	\$481,193
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0	\$0	\$0	\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$0	\$0	\$0	\$0	\$0	\$0
11650 Leasehold Improvements Purchases	\$0	\$0	\$0	\$0	\$0	\$0
11660 Infrastructure Purchases	\$0	\$0	\$0	\$0	\$0	\$0
13510 CFFP Debt Service Payments	\$0	\$0	\$0	\$0	\$0	\$0
13901 Replacement Housing Factor Funds	\$0	\$0	\$0	\$0	\$0	\$0

Adams Metropolitan Housing Authority  
Schedule of Expenditures of Federal Award  
For the Year Ended September 30, 2010

<b>FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES</b>	<b>CFDA NUMBER</b>	<b>EXPENDITURES</b>
U.S. Department of Housing and Urban Development Direct Program		
Low Rent Public Housing	14.850	\$557,301
Housing Choice Vouchers	14.871	1,292,958
Public Housing Capital Fund Program (Cluster):		
- Public Housing Capital Fund Program	14.872	376,423
- Formula Capital Fund Stimulus Grant	14.885	<u>288,975</u>
Total Public Housing Capital Fund Program (Cluster)		<u>665,398</u>
<b>TOTAL AWARDS</b>		<b><u><u>\$2,515,657</u></u></b>





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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 Commissioners  
Adams Metropolitan Housing Authority

I have audited the financial statements of the business-type activities of Adams Metropolitan Housing Authority, Ohio, as of and for the year ended September 30, 2010, which collectively comprise the Adams Metropolitan Housing Authority, Ohio's basic financial statements and have issued my report thereon dated March 4, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United State of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing my audit, I considered Adams 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, but no for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

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

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above. However, I have identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as number 2010-AMHA-1 that I consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Adams 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 grants 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 or other matters that are required to be reported under *Government Auditing Standards*.

I noted certain matters that I have reported to management of Adams Metropolitan Housing Authority in a separate letter dated March 4, 2011.

Adams Metropolitan Housing Authority's responses to the findings identified in my audit are described in the accompanying schedule of findings and questioned costs. I did not audit Adams Metropolitan Housing Authority's response and, accordingly, I express no opinion on it.

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

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Salvatore Consiglio, CPA, Inc.

March 4, 2011



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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 Commissioners  
Adams Metropolitan Housing Authority

**Compliance**

I have audited the compliance of the Adams 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 September 30, 2010. Adams 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 Adams Metropolitan Housing Authority, Ohio's management. My responsibility is to express an opinion on Adams 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. 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 Adams 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 Adams Metropolitan Housing Authority, Ohio's compliance with those requirements.

In my opinion, Adams Metropolitan Housing Authority, Ohio, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2010. However, the results of our auditing procedures disclosed instance of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as items 2010-AMHA-2.

### **Internal Control Over Compliance**

The management of Adams Metropolitan Housing Authority, Ohio is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Adams Metropolitan Housing Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Adams Metropolitan Housing Authority's internal control over compliance.

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

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

Adams Metropolitan Housing Authority's response to the findings identified in my audit is described in the accompanying schedule of findings and questioned costs. I did not audit Adams Metropolitan Housing Authority's response and, accordingly, I express no opinion on it.

This report is intended for the information of the Board of Commissioners, 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.  
March 4, 2011

Adams Metropolitan Housing Authority  
 Schedule of Findings and Questioned Costs  
 OMB Circular A-133 § .505  
 September 30, 2010

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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Type of Financial Statement Opinion	Unqualified
Were there any significant deficiency reported as material weakness at the financial statement level (GAGAS)?	No
Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
Were there any significant deficiency reported for any major federal programs as material weakness?	No
Were there any other significant deficiency reported for the major federal programs?	No
Type of Major Programs' Compliance Opinion	Unqualified
Are there any reportable findings under § .510?	Yes
Major Programs (list):	CFDA # 14.872-Public Housing Capital Fund & 14.885 ARRA Formula Stimulus Grant
Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All Others
Low Risk Auditee?	Yes

Adams Metropolitan Housing Authority  
Schedule of Findings and Questioned Costs  
OMB Circular A-133 § .505  
September 30, 2010

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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FINDING NUMBER	2010-AMHA-1
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**Significant Deficiency – Bank Reconciliation**

**Condition:**

Audit procedures over cash revealed that the bank reconciliation for the low rent public housing checking account did not agree with the cash balance in the accounting records. The bank reconciliation showed an adjusted bank balance of \$100,037 and the accounting records showed a book balance of \$93,238 for a variance of \$6,799.

**Criteria:**

Bank accounts must be reconciled monthly and any discrepancies identified need to be investigated and resolved.

**Effect:**

The cash balance in the financial statements for the public housing program could be misstated by \$6,799.

**Cause:**

No explanation was provided for the variance.

**Recommendation:**

Bank accounts must be reconciled monthly and any variances noted must be investigated and resolved. This will ascertain that the financial statements are fairly stated.

**Corrective Action Plan:**

The discrepancy indentified will be researched and the financial statements will be adjusted if necessary.

Anticipated Completion Date:	June 30, 2011
Responsible Person:	Finance Manager

Adams Metropolitan Housing Authority  
Schedule of Findings and Questioned Costs  
OMB Circular A-133 § .505  
September 30, 2010

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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FINDING NUMBER	2010-AMHA-2
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**Compliance Finding – Reporting**

**U.S. Department of HUD**  
**Low Rent Public Housing (CFDA # 14.850)**  
**Public Housing Capital Fund (CFDA # 14.872)**  
**Public Housing Capital Fund Stimulus (Formula) (CFDA # 14.885)**

Condition:  
The Authority did not file the form HUD-60002 by the required due date. In addition, the Authority also did not report the ARRA Funds into the Auditor of State of Ohio Stimulus Tracker website.

Criteria:  
Pursuant to 24 CFR 135.90, Public Housing Authorities are required to submit form HUD-60002 to HUD’s Economic Opportunity Division in Washington, DC. This report is due at one of the following intervals:

- By January 10th of each year; or
- Within 10 days of project completion

Effect:  
The Authority did not comply with 24 CFR 135.90 by not filling the report by the due date.

Cause:  
Management was not aware of the requirement.

Recommendation:  
The Authority should comply with the above section and ascertain that the report is filed timely.

Corrective Action Plan:  
Adams Metropolitan Housing Authority has filed the form HUD-60002 and did report the ARRA activities into the Auditor of State of Ohio website. Management will assure that future reporting will be performed timely.

Contact Person:       Executive Director  
Resolution Date:       March 30, 2011

Adams Metropolitan Housing Authority  
Schedule of Prior Audit Findings  
September 30, 2010

The audit report for the fiscal year ending September 30, 2009 contained no audit findings.





# Dave Yost • Auditor of State

**ADAMS METROPOLITAN HOUSING AUTHORITY**

**ADAMS 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  
MAY 5, 2011**