

AUDITED BASIC FINANCIAL STATEMENTS
OF THE
MEDINA METROPOLITAN HOUSING AUTHORITY
JULY 1, 2009 – JUNE 30, 2010





Dave Yost • Auditor of State

Board of Commissioners
Medina Metropolitan Housing Authority
850 Walter Road
Medina, Ohio 44256

We have reviewed the *Independent Auditors' Report* of the Medina Metropolitan Housing Authority, Medina County, prepared by Wilson, Shannon & Snow, Inc., for the audit period July 1, 2009 through June 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 Medina Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

January 19, 2011

This Page is Intentionally Left Blank.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY**

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS:	
STATEMENT OF NET ASSETS	11
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS	12
STATEMENT OF CASH FLOWS	13
NOTES TO THE BASIC FINANCIAL STATEMENTS	14
SUPPLEMENTAL DATA:	
STATEMENT OF NET ASSETS – FDS SCHEDULE SUBMITTED TO HUD	27
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS – FDS SCHEDULE SUBMITTED TO HUD	29
PHA'S STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS	31
SCHEDULE OF FEDERAL AWARDS EXPENDITURES AND NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES	33
INDEPENDENT AUDITORS'REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	34
INDEPENDENT AUDITORS'REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO ITS MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH <i>OMB CIRCULAR A-133</i>	36
SCHEDULE OF FINDINGS – <i>OMB CIRCULAR A-133 § .505</i>	38



Board of Commissioners
Medina Metropolitan Housing Authority
850 Walter Road
Medina, OH 44256-1515

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying basic financial statements of the Medina Metropolitan Housing Authority, Medina County, Ohio (the Authority) as of and for the fiscal year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Medina Metropolitan Housing Authority, Medina County, as of June 30, 2010, and the changes in financial position and its cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note 14, the Authority restated net assets to account for capital assets and certain expenses.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 15, 2010, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
Ten West Locust Street
Newark, Ohio 43055
(740) 345-6611
1-800-523-6611
FAX (740) 345-5635

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the Authority's basic financial statements. The Schedule of Federal Awards Expenditures is required by the U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, in addition the Supplemental Financial Data Schedules and the PHA Statement and Certification of Actual Modernization Costs are required by the U.S. Department of Housing and Urban Development, are not a required part of the basic financial statements. We subjected the Schedule of Federal Awards Expenditures, the Supplemental Financial Data Schedules, and the PHA Statement and Certification of Actual Modernization Costs to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Wilson, Shuman & Snow, Inc.

Newark, Ohio
December 15, 2010

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

Medina 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, and (d) identify individual 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 financial statements (beginning on page 11).

Financial Highlights

- The Authority's net assets increased by \$30,716 during fiscal year 2010. Net Assets were \$8,473,432 for 2010 and \$8,442,716 for 2009 (as restated).
- Revenues increased by \$75,215 during fiscal year 2010, and were \$6,703,529 and \$6,628,314 for 2010 and 2009 respectively. The increase was due to an increase in capital grants drawn and other revenues earned by the business activities, net of the decrease in operating subsidy.
- The total expenses of the Authority programs decreased by \$574,139. Total expenses were \$6,672,813 and \$7,246,952 for 2010 and 2009 respectively. The main decrease in expenses was a decrease in housing assistance payments made during the year, plus a decrease in general and administrative expenses.

Overview of the Financial Statements

The Authority is a special purpose governmental entity and accounts for its financial activities as an enterprise fund. The financial statements are prepared on the accrual basis of accounting. Therefore, revenues are recognized when earned and expenses are recognized when incurred. Capital assets are capitalized and depreciated, except for land, over their useful lives. See notes to the basic financial statements for a summary of the Authority's significant accounting policies and practices.

USING THIS REPORT

The Report includes three major sections, the "Management's Discussion and Analysis (MD&A)," "Basic Financial Statements," and "Other Required Supplementary Information". The primary focus of the Authority's financial statement is on the Authority as a whole (Authority-wide). There is no required supplementary information presented for the Authority.

Authority-Wide Financial Statements

The Authority-wide financial statements (see pages 11-13) 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.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

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

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

Net Assets, Invested in Capital Assets, Net of Related Debt: This component of Net Assets consists of all Capital Assets, net of accumulated depreciation, 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, the Authority’s Board of Commissioners, etc.

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

The Authority-wide financial statements also include a Statement of Revenues, Expenses and Changes in Fund Net Assets (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, and 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 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.

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

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

Capital Fund Program – The Capital Fund Program is the primary funding source for physical and management improvements to the Authority's Public Housing property. Separate ACC's are executed for this annual allotment of funding. Modernization affected under these grants include renovated apartments, improved energy efficiencies, and updated common spaces at the Authority – owned Public Housing property.

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own rental property for use by eligible families. The Authority subsidizes the families' rent through a monthly Housing Assistance Payment (HAP) 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 contracts that set the families' rent at 30% of household income.

Section 8 New Construction – Union Square Apartments is a privately owned and operated multi-family property funded by HUD through the Section 8 New Construction Program. The Authority received fee income to serve as the Contract Administrator on behalf of HUD. A separate ACC was executed for this program. This program was ended during fiscal year 2010.

Business-Type Activities – This represents non-HUD resources developed from a variety of activities. These include:

Leases – The Authority leases residential property from two different entities: the Wadsworth Housing Development Corporation (WHDC) and the Brunswick Housing Development Corporation (BHDC). The housing units are then sublet to eligible households consistent with the Authority's mission. The fee income and operating expenses for those services are noted in the Statement of Revenue, Expenses, and Changes in Fund Net Assets.

Service Contracts – The Authority provides property management services for three properties owned by the Medina County ADAMH Board. The properties provide housing to persons with severe mental illness. The Authority also administers several programs for the ADAMH Board; each program provides affordable housing services for persons with low to moderate income that have been diagnosed with severe mental illness. The fee income and operating expenses for those services are noted in the Statement of Revenue, Expenses, and Changes in Fund Net Assets.

Grants – The Authority administers two state grants and other local grants, the purpose of which is to provide emergency assistance for households experiencing a housing crisis. The fee income and operating expenses for services are noted in the Statement of Revenue, Expenses, and Changes in Fund Net Assets.

Interest Income – The Authority manages its surplus cash in compliance with HUD and State guidelines. The Authority generates interest income from the investment of surplus cash. Interest income is also derived from allowable forms of investment, including loans to affiliated organizations, which furthers the development of housing. The loans are secured by notes and mortgages.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

Other Rental Units

- *Wadsworth Villas* - The Authority constructed a new five unit, non-subsidized housing development in this fiscal year named Wadsworth Villas. These units are designated for persons with sensory and/or mobility impairments. The units were constructed using Authority funds (lent to the development) and a loan from the Ohio Housing Finance Agency.

- *Board of Developmental Disabilities* - Early in the fiscal year, the Authority concluded a grant/loan agreement with the Medina County Board of Developmental Disabilities (MCBODD) which enabled the Authority to acquire a wheelchair accessible, single family home. The home will be rented to MCBODD eligible clients who also meet the low to moderate income levels. The Authority retains all rights to terminate leases should situations warrant such action. Financing for the acquisition of this home included a grant, secured with a lien to MCBODD governing the use of the home, from MCBODD as well as some Authority funds. The Authority funds are being paid back from operating proceeds.

AUTHORITY-WIDE STATEMENTS

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

Table 1 - Condensed Statement of Net Assets Compared to Prior Year

	<u>2010</u>	<u>Restated 2009</u>
Current and Other Assets	\$ 7,044,933	\$ 7,592,955
Capital Assets, Net	<u>2,486,335</u>	<u>1,697,646</u>
Total Assets	<u>\$ 9,531,268</u>	<u>\$ 9,290,601</u>
Current Liabilities	\$ 487,493	\$ 398,997
Long-Term Liabilities	<u>570,343</u>	<u>448,888</u>
Total Liabilities	<u>1,057,836</u>	<u>847,885</u>
Net Assets:		
Investment in Capital Assets, net of Related Debt	2,340,233	1,697,646
Restricted Net Assets	1,605,983	1,775,799
Unrestricted Net Assets	<u>4,527,216</u>	<u>4,969,271</u>
Total Net Assets	<u>8,473,432</u>	<u>8,442,716</u>
Total Liabilities and Net Assets	<u>\$ 9,531,268</u>	<u>\$ 9,290,601</u>

For more detailed information see Statement of Net Assets presented on page 11 of this report.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

Major Factors Affecting the Statement of Net Assets

Total current and other assets decreased \$548,022 from fiscal year 2009 to 2010 due to a decrease in cash (including restricted cash) as a result of current activities and that HUD encouraged utilization of Housing Choice Voucher Program reserves. Other noncurrent assets increased as the result of an increase in non-current loan receivable from the BHDC properties.

Total liabilities increased by \$209,951 with fluctuations in a variety of liabilities, both current and noncurrent.

Capital assets net of accumulated depreciation increased \$788,689 due to the purchase of various assets during fiscal year 2010.

Table 2 presents details on the change in Unrestricted Net Assets.

Table 2 - Change in Unrestricted Net Assets

Beginning Net Assets, July 1, 2009, restated	\$ 4,969,271
Results from Operation	30,716
Adjustment:	
Current Year Depreciation Expense	143,441
Current Year Capital Expenditures	(932,130)
Loan Proceeds	146,102
Transfer from Restricted Net Assets	<u>169,816</u>
Ending Net Assets, June 30, 2010	\$ <u><u>4,527,216</u></u>

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.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

The following table reflects the condensed Statement of Revenues, Expenses and Changes in Fund Net Assets compared to prior year.

Table 3 - Statement of Revenue, Expenses & Changes in Fund Net Assets

	<u>2010</u>	<u>Restated 2009</u>
<u>Revenues</u>		
Tenant Revenues	\$ 1,684,662	\$ 1,666,150
Operating Subsidies Grants	4,371,346	4,316,978
Capital Grants	209,874	111,188
Investment Income	90,261	104,553
Other Revenue	347,386	429,445
Total Revenues	<u>6,703,529</u>	<u>6,628,314</u>
<u>Expenses</u>		
Administrative	1,240,097	1,278,142
Tenant Services	1,476	1,119
Utilities	281,566	298,700
Maintenance	531,080	551,594
General Expenses	1,056,413	1,315,702
Housing Assistance Payments	3,418,740	3,692,761
Depreciation	143,441	108,934
Total Expenses	<u>6,672,813</u>	<u>7,246,952</u>
Change in Net Assets	30,716	(618,638)
Total beginning net assets	<u>8,442,716</u>	<u>9,061,354</u>
Total ending net assets	<u>\$ 8,473,432</u>	<u>\$ 8,442,716</u>

Major Factors Affecting the Statement of Revenue, Expenses, and Changes in Fund Net Assets

Total revenue increased \$75,215 in comparison with last fiscal year. The increase was due mainly to an increase in capital grants drawn, other revenue earned by the business activities, and tenant revenues. Investment income and operating subsidy decreased in 2010.

Total expenses decreased \$574,139. The majority of decreases were in general expenses and housing assistance payments. General expenses decreased mainly due to current year activities in the business activity programs.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of year-end, the Authority had \$2,486,335 invested in a variety of capital assets as reflected in the following schedule, which represents a net increase (additions, deductions, and depreciation) of \$788,689 from the end of last year.

Table 4 - Condensed Statement of Changes in Capital Assets

	<u>2010</u>	<u>Restated 2009</u>	
Land	\$ 262,076	\$ 219,076	
Building & Improvements	3,445,202	2,931,716	
Equipment	741,435	665,731	
Construction in Progress	714,364	414,424	
Accumulated Depreciation	<u>(2,676,742)</u>	<u>(2,533,301)</u>	
Total	<u><u>\$ 2,486,335</u></u>	<u><u>\$ 1,697,646</u></u>	

The following reconciliation summarizes the change in Capital Assets, which is presented in detail in Table 4 above. More detail over Capital Assets can be found in Note 8 in the Notes to the Financial Statements.

Table 5 - Change in Capital Assets

Beginning Balance, July 1, 2009, restated	\$ 1,697,646
Current year purchases	932,130
Less Depreciation Expense	<u>(143,441)</u>
Ending Balance, June 30, 2010	<u><u>\$ 2,486,335</u></u>

Current year purchases are summarized as follows:

- Increase in construction in progress	\$ 704,860
- Land at MCBODD	43,000
- Building Purchases	141,031
- Leasehold Improvements	17,975
- Dwelling Equipment	4,192
- Administrative Equipment	<u>21,072</u>
Total Current Additions	<u><u>\$ 932,130</u></u>

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

Debt Outstanding

In fiscal year 2010, the Authority issued a promissory note to the Medina County Board of Developmental Disabilities in the amount of \$146,102 for the purchase of a single family home located in Chippewa Lake, Ohio (known as Honey Shade). The debt becomes due and owing upon sale or transfer of the home and upon other specific events as detailed in the agreement. More information over Debt can be found in Note 11 in the Notes to the Financial Statements.

Table 6 - Condensed Statement of Changes in Debt Outstanding

	<u>2010</u>	<u>2009</u>
Beginning Balance, July 1, 2009	\$ 238,364	\$ -
Note payable to Wadsworth Tower	-	238,364
Loan from MCBODD (Honey Shade)	146,102	-
Current year debt retired	<u>-</u>	<u>-</u>
Ending Balance, June 30, 2010	<u><u>\$ 384,466</u></u>	<u><u>\$ 238,364</u></u>

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income and the overall costs associated with the Section 8 Housing Choice Voucher Program
- Inflationary pressure on utility rates, supplies and other costs
- Decreased rates of return on investments which affect investment income

FINANCIAL CONTACT

The individual to be contacted regarding this report is Gillian Laribee-Reid, Director of Legal and Fiscal Affairs of the Medina Metropolitan Housing Authority. Specific requests may be submitted to Ms. Laribee-Reid's attention at 850 Walter Road; Medina, Ohio 44256-1515 or gillian@mmha.org. Her telephone number is 330-725-7531.

MEDINA METROPOLITAN HOUSING AUTHORITY

Statement of Net Assets

Proprietary Fund

June 30, 2010

ASSETS

Current assets

Cash and cash equivalents	\$588,679
Restricted cash and cash equivalents	1,899,461
Receivables, net	502,386
Prepaid expenses and other assets	94,843
Total current assets	<u>3,085,369</u>

Noncurrent assets

Capital assets:	
Land	262,076
Building and equipment	4,186,637
Construction in progress	714,364
Less accumulated depreciation	<u>(2,676,742)</u>
Capital assets, net	<u>2,486,335</u>
Other noncurrent assets	<u>3,959,564</u>
Total noncurrent assets	<u>6,445,899</u>
Total assets	<u>9,531,268</u>

LIABILITIES

Current liabilities

Accounts payable	\$79,143
Accrued liabilities	194,327
Intergovernmental payables	79,064
Tenant security deposits	107,601
Deferred revenue	24,185
Other current liabilities	3,173
Total current liabilities	<u>487,493</u>

Noncurrent liabilities

Loan liability - noncurrent	384,466
Noncurrent liabilities - other	<u>185,877</u>
Total noncurrent liabilities	<u>570,343</u>
Total liabilities	<u>1,057,836</u>

NET ASSETS

Invested in capital assets, net of related debt	\$2,340,233
Restricted net assets	1,605,983
Unrestricted net assets	<u>4,527,216</u>
Total net assets	<u>\$8,473,432</u>

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

MEDINA METROPOLITAN HOUSING AUTHORITY
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Fund
For the Fiscal Year Ended June 30, 2010

OPERATING REVENUES

Tenant Revenue	\$1,684,662
Government operating grants	4,371,346
Other revenue	347,386
Total operating revenues	<u>6,403,394</u>

OPERATING EXPENSES

Administrative	1,240,097
Tenant services	1,476
Utilities	281,566
Maintenance	531,080
General	1,056,413
Housing assistance payment	3,418,740
Depreciation	143,441
Total operating expenses	<u>6,672,813</u>
Operating loss	<u>(269,419)</u>

NON-OPERATING REVENUES

Interest and investment revenue	90,261
Total nonoperating revenues	<u>90,261</u>
Loss before contributions and transfers	(179,158)

Capital grants	209,874
Change in net assets	30,716
Total net assets - beginning (restated)	8,442,716
Total net assets - ending	<u><u>\$8,473,432</u></u>

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

Medina Metropolitan Housing Authority
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES

Operating grants received	\$4,348,243
Tenant revenue received	1,685,216
Other revenue received	352,480
General and administrative expenses paid	(3,025,086)
Housing assistance payments	(3,418,740)
	<u>(57,887)</u>
Net cash used by operating activities	<u>(57,887)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Issuance of notes receivable to Brunswick Housing Development Corporation (BHDC)	(350,000)
Repayment of notes receivable by BHDC	48,086
Interest and investment revenue	90,261
	<u>(211,653)</u>
Net cash used by investing activities	<u>(211,653)</u>

CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES

Capital grant funds received	209,874
Property and equipment purchased	(932,130)
Loan proceeds	146,102
	<u>(576,154)</u>
Net cash used by capital and related activities	<u>(576,154)</u>
Net decrease in cash	<u>(845,694)</u>
Cash and cash equivalents - Beginning of year	<u>3,333,834</u>
Cash and cash equivalents - End of year	<u>\$2,488,140</u>

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES

Operating Loss	(\$269,419)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities	
- Depreciation	143,441
Decreases in:	
- Accounts Receivables, net of allowance	1,476
- Prepaid Assets	2,766
Increases (Decreases) in:	
- Accounts Payable	27,729
- Intergovernmental Payable	33,077
- Accrued Liabilities Payable	16,229
- Deferred Revenue	3,850
- Tenant Security Deposits	4,438
- Other current liabilities	3,173
- Noncurrent Liabilities - Other	(24,647)
	<u>(57,887)</u>
Net cash used by operating activities	<u>(\$57,887)</u>

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

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Medina Metropolitan Housing Authority (the Authority) is a political subdivision of the State of Ohio, created under Section 3735.27 of the Ohio Revised Code. The Authority contracts with the United States Department of Housing and Urban Development (HUD) and other outside entities to provide safe and sanitary housing for people in low to moderate income brackets.

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "*The Financial Reporting Entity*", as amended by GASB Statement No. 39, "*Determining Whether Certain Organizations are Component Units*", in that the statements include all organizations, activities, functions and component units for which the Authority (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization and either the Authority's ability to impose its will over the organization's governing body or the possibility that the organization will provide a financial benefit to, or impose a financial burden on, the Authority. There were no potential component units that met the criteria imposed by GASB Statement No. 14 to be included in the Authority's reporting entity.

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 Medina 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 for the Public Housing program, including modernization.

C. Housing Choice Voucher Program

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

D. Section 8 New Construction Program

The Authority administers a Housing Assistance Payments contract on behalf of HUD through which HUD subsidizes the rents of low to moderate-income families when those families rent from a private landlord. That rental assistance is provided similarly to how it is under the Housing Choice Voucher program except the rental assistance is tied to the dwelling units, and the assistance is provided to the families renting those units. This program was ended in fiscal year 2010.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(CONTINUED)**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

E. Business Activity

The Business Activity Program was set-up to separate the HUD funded programs with non-HUD activities. This program is used to account for the financial activities for the various properties and programs managed by the Authority that are separate from annual contribution contracts with HUD.

Fund Accounting/Financial Reporting Entity

The Authority's basic financial statements consist of a statement of net assets, statement of revenues, expenses and changes in fund net assets, and a statement of cash flows. It uses the proprietary fund to report on its financial position and the results of its operations for its programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Funds are classified into three categories: governmental, proprietary and fiduciary. The Authority uses the proprietary category for its programs.

Proprietary Fund Types

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

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

Measurement Focus/Basis of Accounting

The 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.

Budgets and Budgetary Accounting

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

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(CONTINUED)**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

In conformity with the requirements of GASB 33, the Authority has recognized grant funds expended for capitalizable capital assets acquired after June 30, 2000 as revenues and the related depreciation thereon, as expenses in the accompanying Combined Statement of Revenue, Expenses and Changes in Fund Net Assets.

Deferred Revenues

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Grants associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as a receivable or revenue, or deferred revenue of the current fiscal period.

Compensated Absences

The Authority accounts for compensated absences in accordance with GASB Statement No. 16. Sick leave and other compensated absences with similar characteristics are accrued as a liability based on the sick leave accumulated at the statement of net assets date by those employees who currently are eligible to receive termination payments. To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. All employees who meet the termination policy of the Authority for years of service are included in the calculation of the compensated absences 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 reported in accrued liabilities.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(CONTINUED)**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Cash and Cash Equivalents

Cash and cash equivalents includes all cash balances and highly liquid investments with a maturity of three months or less. The Authority places its temporary cash investments with high credit quality financial institutions. Amounts in excess of FDIC insurance limits are fully collateralized.

Restricted Cash and Investments

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. The Authority had restricted assets for Housing Assistance Payment equity balance of \$375,040, \$185,877 for Family Self-Sufficiency Program deposits, \$107,601 for Tenant Security Deposits, and \$1,230,943 for amounts required by the leased agreements with Brunswick Housing Development Corporation and Wadsworth Housing Development Corporation to be kept in separate restricted bank accounts that can only be used for specific purposes:

Reserves for Replacements- Money set a side each month to cover the cost for property repairs and replacements.

Surplus Fund- The surplus fund is primarily for the purpose of covering any deficiencies the other various reserve accounts suffer. If no deficiencies exist, the balance in the surplus fund may be used for any purpose with the agreement of both parties to the lease.

Taxes and Insurance Fund- Funds set a side to cover the cost of taxes and insurance.

Property and Equipment

Property and equipment is stated at cost. Renewals and betterments are capitalized. 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. The costs of maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

Land improvements	20 years
Buildings and building improvements	40 years
Furniture, equipment and machinery	5 years
Leasehold improvements	20 years

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(CONTINUED)**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable includes amounts due from tenants, amounts identified for fraud recovery, accrued interest on certificates of deposits, and other revenue sources. Management considers all accounts receivable (excluding the fraud recovery and tenant accounts receivable) to be collected in full. At June 30, 2010, allowance for doubtful accounts in tenant accounts receivable and fraud recover receivable was \$12,959 and \$4,832, respectively.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Actual results could vary from those estimates.

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. The amount reported as restricted net assets at fiscal year end represents the amounts restricted by HUD for future Housing Assistance Payments and amounts required by the leased agreements with Brunswick Housing Development Corporation and Wadsworth Housing Development Corporation that can only be used for specific purposes. When an expense is incurred for purposes which both restricted and unrestricted net assets are available, the Authority first applies restricted net assets.

Income Taxes

No provision for income taxes is recorded as the Authority is a political subdivision of that state of Ohio and is exempt from all income taxes.

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, fees, 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.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(CONTINUED)**

NOTE 2 – DEPOSITS AND INVESTMENTS

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Authority treasury, in commercial accounts payable or withdrawn on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts 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 the Authority deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by collateral held by Authority or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

At fiscal year end June 30, 2010, the carrying balance was \$2,488,140 and the bank balance was \$2,544,882. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of June 30, 2010, \$2,044,882 was exposed to custodial risk as discussed below, while \$500,000 was covered by the Federal Depository Insurance Corporation.

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

The Authority had no certificates of deposits held at June 30, 2010. Deposits in Money Market accounts related to lease agreements with Brunswick Housing Development Corporation and Wadsworth Housing Development totaling \$544,332 at June 30, 2010.

Based on the Authority having only demand deposits at June 30, 2010, the Authority is not subject to interest rate, credit, concentration, or custodial credit risks.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(CONTINUED)**

NOTE 3 – RELATED PARTY TRANSACTIONS

The Wadsworth Housing Development Corporation (WHDC) and the Brunswick Housing Development Corporation (BHDC) are both non-profit corporations under the Internal Revenue Service ruling 501(c) (3). Both entities operate autonomously and each is governed by its own separate Board of Directors (independent of the MMHA). WHDC owns Wadsworth Tower, a federally-assisted, elderly housing complex located in Wadsworth, Ohio. The BHDC owns Southwick Place, Jefferson Place, New Manhattan Place, and Home Place. Southwick Place, Jefferson Place, and New Manhattan Place are all affordable housing complexes located in Medina County, Ohio. Home Place is a combination of leased to own and scattered site-rental single family units located in Medina County. Medina Metropolitan Housing Authority has entered into a lease agreement with both non-profit corporations to manage the operation of the apartment complexes for which in return the Authority receives all revenues associated with the operation of the projects and is responsible for all expenses related thereto. The non-profit corporations retain ownership to the properties and are responsible for the debt associated with the buildings. The repayment of the debt is made by Medina Metropolitan Housing Authority from the rental revenue collected during the fiscal year. The current year activities of these apartment complexes have been reported in the financial statements of Medina Metropolitan Housing Authority as Business Activities.

Medina Metropolitan Housing Authority has provided a guarantee to First Merit Bank on a \$1,000,000 BHDC line of credit in the form of pledged collateral of a Housing Authority mortgage note.

Medina Metropolitan Housing Authority has several loans outstanding with Brunswick Housing Development Corporation. The details of these loans are listed in footnote 4, below.

The Authority has promissory notes outstanding with Wadsworth Housing Development Corporation and Medina County Board of Developmental Disabilities. The details of these promissory notes are listed in Note 11.

This space intentionally left blank.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(CONTINUED)**

NOTE 4 – NOTES RECEIVABLE – RELATED ENTITIES

Notes receivable – related entities consists of the following as of June 30, 2010:

Brunswick Housing Development Corporation (BHDC):

Mortgage note receivable from Brunswick Housing Development Corporation with interest at 2% per annum, to be received by the Authority as the income and cash flow of BHDC permits, with the entire remaining outstanding balance payable to the Authority; secured by an open end Mortgage on Southwick Place property. \$2,000,000

Brunswick Housing Development Corporation (BHDC):

Mortgage note receivable Brunswick Housing Development Corporation with interest at 2% per annum; payable in monthly installments of \$5,040 through February 2014; secured by New Manhattan Place property. 1,139,516

Brunswick Housing Development Corporation (BHDC):

Mortgage note receivable Brunswick Housing Development Corporation with interest at 2% per annum; payable in monthly installments of \$1,338 through February 2014; secured by New Jefferson Place. 302,581

Brunswick Housing Development Corporation (BHDC):

Mortgage note receivable Brunswick Housing Development Corporation with interest at 2% per annum; payable in monthly installments of \$233 through February 2012 and \$150 from March 2012 through December 2016; secured by property at 515 Bronson, 140A Ivy Hill, 235B Canterbury and 600C Canterbury. 140,000

Brunswick Housing Development Corporation (BHDC):

Note receivable from Brunswick Housing Development Corporation with interest at 2% per annum; payable in monthly installments of \$122 through February 2014 with a balloon payment of \$24,080. 27,467

Note receivable from Brunswick Housing Development Corporation with interest at 4% per annum; payable in interest only payments of \$1,167 per month beginning on January 1, 2010 and ending on December 1, 2019. The principal portion of \$350,000 is due on December 1, 2019. 350,000

Total Note Receivable, June 30, 2010 \$3,959,564

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(CONTINUED)**

NOTE 5 – INSURANCE COVERAGE

As of June 30, 2010, the Authority had general liability insurance limits of \$2,000,000 (each occurrence) with no annual aggregate; director and officer liability coverage of \$2,000,000 per loss and in the aggregate; vehicle liability coverage of \$2,000,000; and real and personal property coverage of \$250,000,000 per occurrence. Insurance settlements have not exceeded available coverage limits during each of the years ended June 30, 2010, 2009, and 2008.

NOTE 6 – DEFINED BENEFIT PENSION PLAN

All full-time employees of Authority participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. OPERS provides retirement, disability and survivor benefits, and annual costs-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Benefits are established by Chapter 145 of the Ohio Revised Code. OPERS issues a publicly available financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by making a written request to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-PERS.

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

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

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations and the employer contribution rate was 14 percent during fiscal year 2010. The contribution rates are determined actuarially. The Authority's contribution for the years ended June 30, 2010, 2009, and 2008 amounted to \$119,320, \$118,248, and \$110,582. All required contributions have been paid.

MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(CONTINUED)

NOTE 7 – POSTEMPLOYMENT BENEFITS

The Public Employees Retirement System of Ohio (OPERS) provides post-employment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. The health care coverage provided by the OPERS is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 45. A portion of each employer's contribution to the OPERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund post-employment health care through their contributions to the OPERS. The portion of the 2009 employer contribution rate (identified above) that was used to fund health care was 7.0 percent of covered payroll from January 1 through March 31, 2009 and 5.5 percent of covered payroll from April 1 through December 31, 2009, which amounted to \$49,780.

The significant actuarial assumptions and calculations relating to post-employment health care benefits were based on the OPERS' latest actuarial review performed as of December 31, 2008. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25 percent of unrealized market appreciation or depreciation on investment assets, not to exceed a 12 percent corridor. The investment assumption rate for 2008 was 6.5 percent. An annual increase of 4.0 percent compounded annually is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0 percent base increase, were assumed to range from 0.50 percent to 6.3 percent. Health care costs were assumed to increase at a project wage inflation rate plus an additional factor ranging from .5% to 3% for the next 6 years. In subsequent years (7 and beyond), health care costs were assumed to increase at 4% (the projected wage inflation rate).

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 357,584. The actuarial value of the OPERS' net assets available for OPEB at December 31, 2008 was \$10.7 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$29.6 billion and \$18.9 billion, respectively.

OPERS Retirement Board Implemented its Health Care Preservation Plan (HCPP). HCPP was adopted on September 9, 2004, and is effective on January 1, 2007. In addition, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1 of each year from 2006 to 2008. These rate increases allowed additional funds to be allocated to the health care plan.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(CONTINUED)**

NOTE 8 – CAPITAL ASSETS

The following is a summary of capital assets at June 30, 2010:

	Restated Balance 6/30/2009	Transfers	Increase	Decrease	Balance 6/30/2010
Capital Assets Not Depreciated					
Land	\$ 219,076	\$ -	\$ 43,000	\$ -	\$ 262,076
Construction in Progress	414,424	(404,920)	704,860	-	714,364
Total Capital Assets Not Depreciated	633,500	(404,920)	747,860	-	976,440
Capital Assets Depreciated					
Building	2,770,971	319,294	141,031	-	3,231,296
Furniture, Mach & Equipment	665,731	50,440	25,264	-	741,435
Leasehold Improvement	160,745	35,186	17,975	-	213,906
Total Capital Assets Depreciated	3,597,447	404,920	184,270	-	4,186,637
Accumulated Depreciation					
Building	(1,972,812)	-	(59,324)	-	(2,032,136)
Furniture, Machinery & Equipment	(509,892)	-	(67,324)	-	(577,216)
Leasehold Improvement	(50,597)	-	(16,793)	-	(67,390)
Total Accumulated Depreciation	(2,533,301)	-	(143,441)	-	(2,676,742)
Total Capital Assets Depreciated, Net	1,064,146	404,920	40,829	-	1,509,895
Total Capital Assets, Net	\$ 1,697,646	\$ -	\$ 788,689	\$ -	\$ 2,486,335

Beginning balance was restated by \$56,182 for certain payroll expenses expensed from the capital program which were erroneously included in construction in progress additions at June 30, 2009. The error was identified and corrected by the Authority through a prior period adjustment reflected in the fiscal year 2010 financial statements.

NOTE 9 – CONSTRUCTION IN PROGRESS

The Construction in Progress account balance, which totaled \$714,364 at June 30, 2010, consists of several projects to modernize apartments, renovate various common use areas, and replace equipment, machinery, and appliances. There is no significant outstanding construction commitments associated with these projects as of June 30, 2010.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(CONTINUED)**

NOTE 10 – 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 June 30, 2010, the accrual for compensated absences totaled \$73,148 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 June 30, 2010:

Description	Balance 06/30/09	Additions	Deletions	Balance 06/30/10	Due Within One Year
Compensated Absence Payable	\$61,457	\$55,879	(\$44,188)	\$73,148	\$73,148
Total	\$61,457	\$55,879	(\$44,188)	\$73,148	\$73,148

NOTE 11 – LONG-TERM DEBT

The Authority issued a no interest promissory note in the amount of \$238,364 dated October 31, 2008 to Wadsworth Housing Development Corporation. The funds are due in a balloon payment on October 31, 2038. There is no repayment schedule. Therefore, no amortization schedule is presented.

On December 8, 2009, the Authority entered into a no interest promissory note with the Medina County Board of Developmental Disabilities in the amount of \$146,102 to purchase the property located in Chippewa Lake, Ohio (known as Honey Shade). There is no repayment schedule, as the note shall only become due on the sale or transfer of the property securing the note and upon other specific events as detailed in the agreement. Therefore, no amortization schedules are provided.

NOTE 12 – NONCURRENT LIABILITY-OTHER

The Authority is involved in the Family Self-Sufficiency program through the Housing Choice Vouchers Program. The noncurrent liability-other of \$185,877 represents escrow money held in escrow for residents participating in the Family Self-Sufficiency Program. Each month contributions are deposited into the Authority's savings account on behalf of the program participants. Participants enter into an initial five year contract (with an option for a two year extension upon Authority's approval). At the end of the contract, the participant either meet their program goals and may withdraw their money earned from the savings account, or they fail to meet their goals and forfeit their money. If a forfeiture occurs, the money earned is used by the Authority to reinvest into the Voucher Program.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(CONTINUED)**

NOTE 13 - CONTINGENT LIABILITIES

A. 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 June 30, 2010.

B. Litigation

The Authority is unaware of any outstanding lawsuits or other contingencies.

NOTE 14 – RESTATEMENT OF NET ASSETS

During the fiscal year ended June 30, 2010, the Authority corrected the capital assets and related expenditures in the Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Fund Net Assets. The correction resulted in the restatement of net assets at June 30, 2009 of the Business-type Activities as follows:

Total Capital assets, net of accumulated depreciation	
June 30, 2009, as reported	\$1,753,828
Correction for expenses erroneously capitalized	<u>(56,182)</u>
June 30, 2009, as restated	<u>\$1,697,646</u>
 Invested in capital assets, net of related debt	
June 30, 2009, as reported	\$1,753,828
Correction for expenses erroneously capitalized	<u>(56,182)</u>
June 30, 2009, as restated	<u>\$1,697,646</u>
 Unrestricted Net Assets	
June 30, 2009, as reported	\$4,968,062
Correction for capital expenditure adjustment	<u>1,209</u>
June 30, 2009, as restated	<u>\$4,969,271</u>

**MEDINA METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET ASSETS - FDS SCHEDULE SUBMITTED TO HUD
JUNE 30, 2010**

Line Item #	Account Description	Low Rent Public Housing 14.850a	CFP 14.872	Project Total	Business Activity	Shelter Plus Care	Section 8 Housing Choice Vouchers 14.871	FEMA	NC S8	State Program	CFP 2009 ARRA Formula 14.885	NSP	Eliminations	TOTAL
	ASSETS:													
	CURRENT ASSETS:													
	Cash:													
111	Cash - Unrestricted	184,423.00		184,423.00	144,890.00		246,343.00	13,023.00						588,679.00
113	Cash - Other Restricted			0.00	1,230,943.00		375,040.00							1,605,983.00
114	Cash - Tenant Security Deposits	22,253.00		22,253.00	85,348.00									107,601.00
100	Total Cash	206,676.00	0.00	206,676.00	1,461,181.00	0.00	621,383.00	13,023.00	0.00	0.00	0.00	0.00	0.00	2,302,263.00
	Accounts and Notes Receivables:													
122	Accounts Receivable - HUD Other Projects		8,927.00	8,927.00	0.00	19,425.00					35,110.00			63,462.00
124	Accounts Receivable - Other Government			0.00	848.00					3,173.00				4,021.00
125	Accounts Receivable - Miscellaneous			0.00	402,051.00	3,463.00				3,173.00				408,687.00
126	Accounts Receivable - Tenants - Dwelling Rents	1,653.00		1,653.00	29,902.00									31,555.00
126.1	Allowance for Doubtful Accounts - Dwelling Rents	(446.00)		(446.00)	(12,513.00)									(12,959.00)
128	Fraud Recovery			0.00	0.00		12,452.00							12,452.00
128.1	Allowance for Doubtful Accounts - Fraud			0.00	0.00		(4,832.00)							(4,832.00)
120	Total Receivables, Net of Allowances for Doubtful Accounts	1,207.00	8,927.00	10,134.00	420,288.00	22,888.00	7,620.00	0.00	0.00	6,346.00	35,110.00	0.00	0.00	502,386.00
	Current Investments:													
132	Investments - Restricted						185,877.00							185,877.00
142	Prepaid Expenses and Other Assets	5,052.00		5,052.00	86,107.00		3,684.00							94,843.00
144	Interprogram Due From				1,113,553.00								(1,113,553.00)	0.00
150	TOTAL CURRENT ASSETS	212,935.00	8,927.00	221,862.00	3,081,129.00	22,888.00	818,564.00	13,023.00	0.00	6,346.00	35,110.00	0.00	(1,113,553.00)	3,085,369.00
	NONCURRENT ASSETS:													
	Fixed Assets:													
161	Land	151,675.00		151,675.00	110,401.00									262,076.00
162	Buildings	2,411,796.00	68,299.00	2,480,095.00	751,201.00									3,231,296.00
163	Furniture, Equipment & Machinery - Dwellings	146,916.00	4,192.00	151,108.00	0.00									151,108.00
164	Furniture, Equipment & Machinery - Administration	101,371.00	26,540.00	127,911.00	429,413.00		33,003.00							590,327.00
165	Leasehold Improvements	73,269.00	11,134.00	84,403.00	129,503.00									213,906.00
166	Accumulated Depreciation	(2,040,728.00)		(2,040,728.00)	(610,233.00)		(25,781.00)							(2,676,742.00)
167	Construction in Progress	113,451.00	68,252.00	181,703.00	532,661.00									714,364.00
160	Total Fixed Assets, Net of Accumulated Depreciation	957,750.00	178,417.00	1,136,167.00	1,342,946.00	0.00	7,222.00	0.00	0.00	0.00	0.00	0.00	0.00	2,486,335.00
171	Notes, Loans, & Mortgages Receivable - Non-Current				3,959,564.00									3,959,564.00
180	TOTAL NONCURRENT ASSETS	957,750.00	178,417.00	1,136,167.00	5,302,510.00	0.00	7,222.00	0.00	0.00	0.00	0.00	0.00	0.00	6,445,899.00
190	TOTAL ASSETS	1,170,685.00	187,344.00	1,358,029.00	8,383,639.00	22,888.00	825,786.00	13,023.00	0.00	6,346.00	35,110.00	0.00	(1,113,553.00)	9,531,268.00

(Continued)

MEDINA METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET ASSETS - FDS SCHEDULE SUBMITTED TO HUD
JUNE 30, 2010

Line Item #	Account Description	Low Rent Public Housing 14.850a	CFP 14.872	Project Total	Business Activity	Shelter Plus Care	Section 8 Housing Choice Vouchers 14.871	FEMA	NC S8	State Program	CFP 2009 ARRA Formula 14.885	NSP	Eliminations	TOTAL
	LIABILITIES AND EQUITY:													
	LIABILITIES:													
	CURRENT LIABILITIES:													
312	Accounts Payable <= 90 Days	11,704.00	2,046.00	13,750.00	26,226.00		7,755.00			2,252.00	29,160.00			79,143.00
321	Accrued Wage/Payroll Taxes Payable	6,097.00		6,097.00	33,250.00		9,963.00							49,310.00
322	Accrued Compensated Absences - Current Portion	11,139.00		11,139.00	35,660.00		26,349.00							73,148.00
325	Accrued Interest Payable			0.00	71,869.00									71,869.00
333	Accounts Payable - Other Government	16,389.00		16,389.00	62,675.00									79,064.00
341	Tenant Security Deposits	22,253.00		22,253.00	85,348.00									107,601.00
342	Deferred Revenues	1,199.00		1,199.00	7,585.00			11,307.00		4,094.00				24,185.00
345	Other Current Liabilities			0.00	3,173.00									3,173.00
347	Interprogram Due To		13,489.00	13,489.00	1,070,897.00	21,501.00		1,716.00			5,950.00		(1,113,553.00)	0.00
310	TOTAL CURRENT LIABILITIES	68,781.00	15,535.00	84,316.00	1,396,683.00	21,501.00	44,067.00	13,023.00	0.00	6,346.00	35,110.00	0.00	(1,113,553.00)	487,493.00
	NONCURRENT LIABILITIES:													
351	Long-Term Debt, Net of Current - Capital Projects/Mortgage Revenue				146,102.00									146,102.00
353	Noncurrent Liabilities - Other				0.00		185,877.00							185,877.00
355	Loan Liability - Non Current				238,364.00									238,364.00
350	TOTAL NONCURRENT LIABILITIES	0.00	0.00	0.00	384,466.00	0.00	185,877.00	0.00	0.00	0.00	0.00	0.00	0.00	570,343.00
300	TOTAL LIABILITIES	68,781.00	15,535.00	84,316.00	1,781,149.00	21,501.00	229,944.00	13,023.00	0.00	6,346.00	35,110.00	0.00	(1,113,553.00)	1,057,836.00
	EQUITY/NET ASSETS:													
508.1	Invested in Capital Assets, Net of Related Debt	957,750.00	178,417.00	1,136,167.00	1,196,844.00		7,222.00							2,340,233.00
511.1	Restricted Net Assets				1,230,943.00		375,040.00							1,605,983.00
512.1	Unrestricted Net Assets	144,154.00	(6,608.00)	137,546.00	4,174,703.00	1,387.00	213,580.00							4,527,216.00
513	TOTAL EQUITY/NET ASSETS	1,101,904.00	171,809.00	1,273,713.00	6,602,490.00	1,387.00	595,842.00	0.00	0.00	0.00	0.00	0.00	0.00	8,473,432.00
														0.00
600	TOTAL LIABILITIES AND EQUITY/NET ASSETS	1,170,685.00	187,344.00	1,358,029.00	8,383,639.00	22,888.00	825,786.00	13,023.00	0.00	6,346.00	35,110.00	0.00	(1,113,553.00)	9,531,268.00

NOTE FOR REAC REPORTING: The accompanying statements have been prepared in accordance with the format as required for HUD's electronic filing REAC system. The format and classifications of various line items may differ from those used in the preparation of the financial statements presented in accordance with accounting principles generally accepted in the United States of America.

MEDINA METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - FDS SCHEDULE SUBMITTED TO HUC
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Line Item #	Account Description	Low Rent Public Housing 14.850a	CFP 14.872	Project Total	Business Activity	Shelter Plus Care	Section 8 Housing Choice Vouchers 14.871	FEMA	NC S8	State Program	CFP 2009 ARRA Formula 14.885	NSP	TOTAL
	REVENUE:												
70300	Net Tenant Rental Revenue	246,017.00		246,017.00	1,430,080.00								1,676,097.00
70400	Tenant Revenue - Other	8,195.00		8,195.00	370.00								8,565.00
70500	Total Tenant Revenue	254,212.00	0.00	254,212.00	1,430,450.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,684,662.00
70600-010	Housing Assistance Payments			0.00	0.00		2,783,953.00						2,783,953.00
70600-020	Ongoing Administrative Fees Earned			0.00	0.00		434,996.00						434,996.00
70600	HUD PHA Operating Grants	157,072.00		157,072.00	0.00	210,096.00	3,218,949.00		524,416.00				4,110,533.00
70610	Capital Grants		102,886.00	102,886.00	0.00						106,988.00		209,874.00
70710	Management Fee			0.00	160,672.00								160,672.00
70800	Other Governmental Grants			0.00	148,922.00			64,777.00		47,114.00			260,813.00
71100-020	Administrative Fee			0.00	0.00		261.00						261.00
71100	Investment Income - Unrestricted	259.00		259.00	9,567.00		261.00		68.00				10,155.00
71200	Mortgage Interest Income			0.00	79,714.00								79,714.00
71400-010	Housing Assistance Payment			0.00	0.00		12,646.00						12,646.00
71400-020	Administrative Fee			0.00	0.00		12,646.00						12,646.00
71400	Fraud Recovery			0.00	0.00		25,292.00						25,292.00
71500	Other Revenue	6,102.00		6,102.00	125,112.00		30,208.00						161,422.00
71600	Gain/Loss on Sale of Fixed Assets			0.00	(2,319.00)		2,319.00						0.00
72000-010	Housing Assistance Payment			0.00	0.00		392.00						392.00
72000	Investment Income - Restricted			0.00	0.00		392.00	0.00	0.00				392.00
700	TOTAL REVENUE	417,645.00	102,886.00	520,531.00	1,952,118.00	210,096.00	3,277,421.00	64,777.00	524,484.00	47,114.00	106,988.00	0.00	6,703,529.00
	EXPENSES:												
	Administrative:				0.00								
91100	Administrative Salaries	91,340.00		91,340.00	304,460.00		216,952.00		15,706.00				628,458.00
91200	Auditing Fees	1,658.00		1,658.00	9,334.00		1,658.00		536.00				13,186.00
91400	Advertising & Marketing	263.00		263.00	523.00								786.00
91500	Employee Benefit Contributions - Administrative	39,296.00		39,296.00	111,250.00		82,332.00		6,245.00				239,123.00
91600	Office Expenses	12,599.00		12,599.00	132,365.00		61,580.00		4,061.00				210,605.00
91700	Legal Expense	4,778.00		4,778.00	38,752.00		7,369.00						50,899.00
91800	Travel Expense	1,317.00		1,317.00	7,583.00		2,911.00						11,811.00
91900	Other Operating - Administrative	2,310.00		2,310.00	52,832.00	15,563.00	13,299.00		1,225.00				85,229.00
	Tenant Services:				0.00								
92400	Tenant Services - Other	1,476.00		1,476.00	0.00								1,476.00
	Utilities:				0.00								
93100	Water	7,279.00		7,279.00	39,994.00								47,273.00
93200	Electricity	53,468.00		53,468.00	76,781.00								130,249.00
93300	Gas	22,128.00		22,128.00	41,774.00								63,902.00
93600	Sewer	7,452.00		7,452.00	32,690.00								40,142.00
	Ordinary Maintenance & Operation:				0.00								
94100	Ordinary Maintenance & Operation - Labor	59,654.00		59,654.00	163,324.00		2,843.00		637.00				226,458.00
94200	Ordinary Maintenance & Operation - Materials & Other	21,190.00		21,190.00	74,402.00		1,193.00						96,785.00
94310	Ordinary Maintenance & Operation - Garbage & Trash Removal Contracts	3,682.00		3,682.00	18,362.00								22,044.00
94320	Ordinary Maintenance & Operation - Heating & Cooling Contracts	1,454.00		1,454.00	2,175.00								3,629.00
94330	Ordinary Maintenance & Operation - Snow Removal Contracts			0.00	5,830.00								5,830.00
94340	Ordinary Maintenance & Operation - Elevator Maintenance Contracts	7,672.00		7,672.00	8,975.00								16,647.00
94350	Ordinary Maintenance & Operation - Landscape & Grounds Contracts	3,662.00		3,662.00	9,791.00								13,453.00
94360	Ordinary Maintenance & Operation - Unit Turnaround Contracts	960.00		960.00	1,015.00								1,975.00
94380	Ordinary Maintenance & Operation - Plumbing Contracts	3,815.00		3,815.00	5,879.00								9,694.00
94390	Ordinary Maintenance & Operation - Extermination Contracts	2,230.00		2,230.00	2,135.00								4,365.00
943100	Ordinary Maintenance & Operation - Janitorial Contracts	3,150.00		3,150.00	7,506.00								10,656.00
943110	Ordinary Maintenance & Operation - Routine Maintenance Contracts	8,503.00		8,503.00	44,915.00								53,418.00
943120	Ordinary Maintenance & Operation - Miscellaneous Contracts	320.00		320.00	6,701.00								7,021.00
945000	Employee Benefit Contributions - Ordinary Maintenance	15,544.00		15,544.00	42,705.00		856.00						59,105.00

(Continued)

MEDINA METROPOLITAN HOUSING AUTHORITY

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - FDS SCHEDULE SUBMITTED TO HUD
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Line Item #	Account Description	Low Rent Public Housing 14.850a	CFP 14.872	Project Total	Business Activity	Shelter Plus Care	Section 8 Housing Choice Vouchers 14.871	FEMA	NC S8	State Program	CFP 2009 ARRA Formula 14.885	NSP	TOTAL
	Protective Services:												
95200	Protective Services - Other Contract Costs			0.00	0.00								0.00
	General Expenses:												
96110	Property Insurance	6,399.00		6,399.00	20,514.00		2,837.00		389.00				30,139.00
96120	Liability Insurance	2,736.00		2,736.00	12,813.00		214.00		34.00				15,797.00
96130	Workmen's Compensation	880.00		880.00	2,500.00		5,470.00						8,850.00
96200	Other General Expenses			0.00	790,399.00		2,726.00	64,777.00		47,114.00			905,016.00
96210	Compensated Absences	1,323.00		1,323.00	7,283.00		4,037.00		(950.00)				11,693.00
96300	Payments in Lieu of Taxes	16,001.00		16,001.00	67,047.00								83,048.00
96400	Bad Debt - Tenant Rents	433.00		433.00	1,437.00								1,870.00
96900	TOTAL OPERATING EXPENSES	404,972.00	0.00	404,972.00	2,144,046.00	15,563.00	406,277.00	64,777.00	27,883.00	47,114.00	0.00	0.00	3,110,632.00
97000	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	12,673.00	102,886.00	115,559.00	(191,928.00)	194,533.00	2,871,144.00	0.00	496,601.00	0.00	106,988.00	0.00	3,592,897.00
	Other Expenses:				0.00								
					0.00								
97300	Housing Assistance Payments			0.00	0.00	195,093.00	2,723,408.00		500,239.00				3,418,740.00
97400	Depreciation Expense	71,364.00		71,364.00	68,707.00		3,370.00						143,441.00
90000	TOTAL EXPENSES	476,336.00	0.00	476,336.00	2,212,753.00	210,656.00	3,133,055.00	64,777.00	528,122.00	47,114.00	0.00	0.00	6,672,813.00
	Other Financing Sources (Uses)												
10093	Transfer In	113,451.00		113,451.00	0.00								113,451.00
10094	Transfer Out			0.00	0.00						113,451.00		113,451.00
10100	Total Other Financing Sources (Uses)	113,451.00	0.00	113,451.00	0.00	0.00	0.00	0.00	0.00	0.00	113,451.00	0.00	0.00
10000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	54,760.00	102,886.00	157,646.00	(260,635.00)	(560.00)	144,366.00	0.00	(3,638.00)	0.00	(6,463.00)	0.00	30,716.00
	Memo Account Information												
11030	Beginning Equity (per '09 Audit)	721,197.00	447,945.00	1,169,142.00	6,805,961.00	1,947.00	451,476.00	0.00	62,700.00	0.00	6,463.00	0.00	8,497,689.00
11040	Prior Period Adjustments, Equity Transfers	325,947.00	(379,022.00)	(53,075.00)	57,164.00	0.00	0.00	0.00	(59,062.00)		0.00	0.00	(54,973.00)
	Ending Net Equity	1,101,904.00	171,809.00	1,273,713.00	6,602,490.00	1,387.00	595,842.00	0.00	0.00	0.00	0.00	0.00	8,473,432.00
11190	Unit Months Available	1,008		1,008	2,496.00		6,360			132.00			9,996.00
11210	Number of Unit Months Leased	988		988	1,804.00		6,054			60.00			8,906.00

MEDINA METROPOLITAN HOUSING AUTHORITY
PHA's Statement and Certification of Actual Modernization Costs
June 30, 2010

Capital Fund Program Number OH12P027501-07

1. The Program Costs are as follows:

Funds Approved	\$88,251
Funds Expended	<u>88,251</u>
Excess (Deficiency) of Funds Approved	<u>\$ -0-</u>
Funds Advanced	\$88,251
Funds Expended	<u>88,251</u>
Excess (Deficiency) of Funds Advanced	<u><u>\$ -0-</u></u>

2. All costs have been paid and there are no outstanding obligations.
3. The Final Financial Status Report was signed and filed on October 2, 2009.
4. The final costs on the certification agree to the Authority's records.

This page intentionally left blank.

**MEDINA METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<u>Federal Grantor / Pass Through Grantor Program Title</u>	<u>Pass- Through Number</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>			
<i>Direct Funding:</i>			
Section 8 New Construction and Substantial Rehabilitation Shelter Plus Care	N/A	14.182	\$ 524,416
Public and Indian Housing - Low Rent Public Housing	N/A	14.238	210,096
Section 8 Housing Choice Vouchers	N/A	14.850a	157,072
Section 8 Housing Choice Vouchers	N/A	14.871	3,218,949
Capital Fund Program Cluster:			
Public Housing Capital Fund	N/A	14.872	102,886
ARRA - Public Housing Capital Fund Stimulus (Formula)	N/A	14.885	106,988
Total Capital Fund Program Cluster			<u>209,874</u>
Total U.S. Department of Housing and Urban Development			<u>4,320,407</u>
<u>U.S. Department of Homeland Security</u>			
<i>Passed through the United Way of Medina County:</i>			
Emergency Food and Shelter Program Cluster:			
Emergency Food and Shelter National Board Program	N/A	97.024	15,237
ARRA - Emergency Food and Shelter National Board Program	N/A	97.114	49,540
Total Emergency Food and Shelter Program			<u>64,777</u>
Total U.S. Department of Homeland Security			<u>64,777</u>
Total Federal Award Expenditures			<u>\$ 4,385,184</u>

NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES

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



Independent Auditors' 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
Medina Metropolitan Housing Authority
850 Walter Road
Medina, OH 44256-1515

We have audited the financial statements of the Medina Metropolitan Housing Authority, Medina County, Ohio (the Authority) as of and for the fiscal year ended June 30, 2010, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated December 15, 2010, wherein we noted the Authority restated net assets as disclosed in Note 14. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Authority'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 a combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses as defined above.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
Ten West Locust Street
Newark, Ohio 43055
(740) 345-6611
1-800-523-6611
FAX (740) 345-5635

Compliance and Other Matters

As part of reasonably assuring whether the Authority's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of the Board of Commissioners, management, Auditor of State, federal awarding agencies, pass-through entities, and other members of the Authority. We intend it for no one anyone other than these specified parties.

Wilson, Shuman & Snow, Inc.

Newark, Ohio
December 15, 2010



**Independent Auditors' Report on Compliance with Requirements
Applicable to Its Major Program and on Internal Control over
Compliance in Accordance with OMB Circular A-133**

Board of Commissioners
Medina Metropolitan Housing Authority
850 Walter Road
Medina, OH 44256-1515

Compliance

We have audited the compliance of the Medina Metropolitan Housing Authority, Medina County, Ohio (the Authority) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the fiscal year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the Authority's major federal program. The Authority's management is responsible for complying with the requirements of laws, regulations, contracts and grants applicable to each major federal program. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standard*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Medina Metropolitan Housing Authority, Medina County, complied, in all material respects, with the requirements referred to above that apply to its major federal program for the fiscal year ended June 30, 2010.

Internal Control over Compliance

The Authority's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of opining on compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Authority's internal control over compliance.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
Ten West Locust Street
Newark, Ohio 43055
(740) 345-6611
1-800-523-6611
FAX (740) 345-5635

Medina Metropolitan Housing Authority
Board of Commissioners
Independent Accountants' Report on Compliance with Requirements
Applicable to Its Major Program and on Internal Control
over Compliance in Accordance with *OMB Circular A-133*
Page 2

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. *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 federal program compliance requirement will not be prevented, or timely detected and corrected.

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

We intend this report solely for the information and use of the Board of Commissioners, management, the Auditor of State, federal awarding agencies, pass-through entities, and other members of the Authority. It is not intended to be and should not be used by anyone other than these specified parties.

Wilson, Shuman & Snow, Inc.

Newark, Ohio
December 15, 2010

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505**

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Program (list):	Section 8 Housing Choice Vouchers/CFDA #14.871
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505**

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.



Dave Yost • Auditor of State

MEDINA METROPOLITAN HOUSING AUTHORITY

MEDINA 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
FEBRUARY 1, 2011**