

Erie Metropolitan Housing Authority

Financial Statements

For the Year Ended June 30, 2011





# Dave Yost • Auditor of State

Board of Commissioners  
Erie Metropolitan Housing Authority  
322 Warren Street  
Sandusky, Ohio 44870

We have reviewed the *Independent Auditors' Report* of the Erie Metropolitan Housing Authority, Erie County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period July 1, 2010 through June 30, 2011. 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 Erie 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

May 4, 2012

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ERIE METROPOLITAN HOUSING AUTHORITY  
AUDIT REPORT  
FOR THE YEAR ENDED JUNE 30, 2011

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6548 Royalton Road, Suite 104  
North Royalton, Ohio 44133  
Phone (440) 877-9870  
Fax (440) 877-9237  
[sconsiglio@aol.com](mailto:sconsiglio@aol.com)

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## Independent Auditors' Report

Board of Directors  
Erie Metropolitan Housing Authority

I have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component unit of Erie Metropolitan Housing Authority, Ohio, as of and for the year ended June 30, 2011, which collectively comprise the Authority basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Erie Metropolitan Housing Authority, Ohio's, management. My responsibility is to express an opinion on these basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the aggregate discretely presented component unit of the Erie Metropolitan Housing Authority, Ohio, as of June 30, 2011, and the respective change in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated March 2, 2012, on my consideration of Erie Metropolitan Housing Authority, Ohio's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the result of my audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States 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 an opinion on the basic financial statements that collectively comprise the Erie Metropolitan Housing Authority basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government and Non-Profit Organizations* and is not a required part of the basic 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 is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respect in relation to the financial statements taken as a whole.

---

Salvatore Consiglio, CPA, Inc.  
March 2, 2012

**ERIE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
Year Ended June 30, 2011**

**Unaudited**

The Erie 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 years activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements (beginning on page 13).

**FINANCIAL HIGHLIGHTS**

- The Authority's net assets decreased by \$.2 million during 2011. Since the Authority engages only in business-type activities, the decrease is all in the category of business-type net assets. The component unit's net assets remained stable.
- Total revenue decreased by \$.1 millions and the component units revenue remained stable from last year.
- The total expenses of all Authority programs increased by \$.2 million while the component unit expense did not change.

**Authority Financial Statements**

The Authority financial statements are designed to be corporate-like in that all business type activities are consolidated into columns, which add to a total for the entire Authority.

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

The focus of the Statement of Net Assets (the "Unrestricted Net Assets") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority.

**ERIE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
Year Ended June 30, 2011**

**Unaudited**

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 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 Revenues, 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.

**Fund Financial Statements**

The Authority consists of exclusively Enterprise Funds. Enterprise funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting.

Many of the programs maintained by the Authority are required by the Department of Housing and Urban Development. Others are segregated to enhance accountability and control.

**ERIE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
Year Ended June 30, 2011**

**Unaudited**

**The Authority's Programs**

Conventional Public Housing (PH) – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The 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.

The Authority converted to asset management starting July 1, 2007 and has separated its' properties into two asset management projects-AMP # 1 consists of all scattered sites and AMP # 2 consists of all units at the Bayshore Towers. The Authority tracks income and expenses at the AMP level for better management and control.

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.

Central Office Cost Center – As part of the conversion to asset management, the Authority has established a central office cost center (COCC) fund by fees charged to the individual AMPs. Salaries and benefits of administrative personnel and charged to the COCC as are other administrative-related expenses. The profit remaining in the COCC is deprogrammed and is available for any housing use. As part of the conversion to asset management, the management fees received from the Erie Community Plaza, Inc. (a 202 PRAC project) and the Sandusky Metropolitan Housing Authority are now reported under the Central Office Cost Center.

Component Units – Under the component units, the Authority oversees the administration of the Erie County Senior Center Gift Store and the local fund-raising activities of the Erie County Senior Center to provide the local cash match needed for the Title III-B and Title III-C programs.

Special Programs for the Aging – Title III-C – Under the Title III-C Program, the Authority oversees the administration of the nutrition program by the Erie County Senior Center. Funding is received from the Area Office on Aging of Northwest Ohio, Inc. through the Department of Health and Human Services to provide nutritionally balanced meals to residents of Erie County age 60 and older. Meals are provided for a donation only.

**ERIE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
Year Ended June 30, 2011**

**Unaudited**

Special Programs for the Aging – Title III-B - represents resources derived from the administration of the Title III-B program by the Erie County Senior Center. The program provides services for the elderly of Erie County for transportation, escort, education, information & referral, volunteer placement, health assessment and socialization. Funding is received through the Area Office on Aging of Northwest Ohio, Inc. from the Department of Health and Human Services.

State and Local Grants – represents resources derived from local grants for training and protective services at both the Bayshore Towers and the Erie County Senior Center.

**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**

	<b><u>Erie Metropolitan Housing Authority</u></b>	
	<b><u>2011</u></b>	<b><u>2010</u></b>
	(in millions of dollars)	(in millions of dollars)
Current Assets	\$ 2.4	\$ 2.5
Capital Assets	5.7	5.9
Total Assets	<u>\$ 8.1</u>	<u>\$ 8.4</u>
Current Liabilities	\$ 0.5	\$ 0.6
Long-Term Liabilities	1.1	1.1
Total Liabilities	<u>1.6</u>	<u>1.7</u>
Net Assets:		
Investment in Capital Assets, net of Related Debt	4.7	4.9
Restricted Net Assets	0.8	0.5
Unrestricted Net Assets	1.0	1.3
Total Net Assets	<u>6.5</u>	<u>6.7</u>
Total Liabilities and Net Assets	<u>\$ 8.1</u>	<u>\$ 8.4</u>

**ERIE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
Year Ended June 30, 2011**

**Unaudited**

**TABLE 1 - STATEMENT OF NET ASSETS**

	<u>Component Units</u>	
	<u>2011</u>	<u>2010</u>
Current Assets	\$ 0.4	\$ 0.4
Capital Assets	-	-
	<hr/>	<hr/>
Total Assets	<u>\$ 0.4</u>	<u>\$ 0.4</u>
Current Liabilities	\$ -	\$ 0.1
Long-Term Liabilities	-	-
	<hr/>	<hr/>
Total Liabilities	<hr/> -	<hr/> 0.1
Net Assets:		
Investment in Capital Assets, net of Related Debt	-	-
Unrestricted Net Assets	<hr/> 0.4	<hr/> 0.3
Total Net Assets	<hr/> 0.4	<hr/> 0.3
Total Liabilities and Net Assets	<u>\$ 0.4</u>	<u>\$ 0.4</u>

For more detailed information see page 12 for the Statement of Net Assets.

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

During 2011, the Authority's current and other assets decreased by \$.1 million and current liabilities decreased by \$.1million. The decrease in current assets was due to the result of current year activities.

The component unit assets and liabilities remained stable.

Capital Assets decreased by \$.2 million due to the net effect of current year purchases net of depreciation. No significant change in the component capital assets. For more detail see "Capital Assets" footnote on page 26.

**ERIE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
Year Ended June 30, 2011**

**Unaudited**

Table 2 presents details on the change in Unrestricted Net Assets

**TABLE 2 - CHANGE OF UNRESTRICTED NET ASSETS**

<u>Erie Metropolitan Housing Authority</u>			
	<b>Investment in Capital Assets</b>	<b>Restricted Net Assets</b>	<b>Unrestricted Net Assets</b>
Beginning Balance - June 30, 2010	\$4.9	\$0.5	\$1.3
Results of Operation	0.0	0.2	(0.2)
Adjustments:			
Current year Depreciation Expense (1)	(0.5)	0.0	0.5
Current year Capital Additions	0.3	0.0	(0.3)
Current year Debt Activities, Net	0.0	0.0	(0.0)
Rounding Adjustment	0.0	0.1	0.0
Ending Balance - June 30, 2011	\$4.7	\$0.8	\$1.3

<u>Component Unit</u>			
	<b>Investment in Capital Assets</b>	<b>Restricted Net Assets</b>	<b>Unrestricted Net Assets</b>
Beginning Balance - June 30, 2010	\$0.0	\$0.0	\$0.3
Results of Operation	0.0	0.0	(0.0)
Adjustments:			
Rounding Adjustment	0.0	0.0	0.1
Ending Balance - June 30, 2011	(\$0.0)	\$0.0	\$0.4

(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.

**ERIE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
Year Ended June 30, 2010**

**Unaudited**

**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 in Business-Type Activities.

<u><b>Erie Metropolitan Housing Authority</b></u>	<u><b>2011</b></u>	<u><b>2010</b></u>
	(in millions of dollars)	(in millions of dollars)
<u><b>Revenues</b></u>		
Tenant Revenue - Rents and Other	\$ 0.4	\$ 0.4
Operating Subsidies and Grants	7.3	7.0
Capital Grants	0.1	0.5
Other Revenues	0.5	0.5
	<hr/>	<hr/>
<b>Total Revenues</b>	<b>8.3</b>	<b>8.4</b>
	<hr/>	<hr/>
<u><b>Expenses</b></u>		
Administrative and Tenant Services	1.4	1.2
Utilities	0.2	0.2
Maintenance	0.7	0.7
General and Other Expenses	0.3	0.3
Housing Assistance Payments	5.2	5.1
Depreciation	0.5	0.6
	<hr/>	<hr/>
<b>Total Expenses</b>	<b>8.3</b>	<b>8.1</b>
	<hr/>	<hr/>
<b>Net Increases (Decreases)</b>	<b>\$ 0.0</b>	<b>\$ 0.3</b>
	<hr/> <hr/>	<hr/> <hr/>

**ERIE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
Year Ended June 30, 2010**

**Unaudited**

**Component Units**

	<b><u>2011</u></b>	<b><u>2010</u></b>
<b><u>Revenues</u></b>		
Other Revenues	\$ <u>0.4</u>	\$ <u>0.4</u>
<b>Total Revenues</b>	<b><u>0.4</u></b>	<b><u>0.4</u></b>
<b><u>Expenses</u></b>		
Administrative and Tenant Services	0.1	0.1
Maintenance	<u>0.3</u>	<u>0.3</u>
<b>Total Expenses</b>	<b><u>0.4</u></b>	<b><u>0.4</u></b>
<b>Net Increases (Decreases)</b>	<b><u>\$ 0.0</u></b>	<b><u>\$ 0.0</u></b>

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

Tenant revenue remained the same during 2011 in comparison to 2010. Operating Subsidies and Grants increased slightly and Capital Grants decreased due to receipt of Stimulus Grant money in 2010 only. The component unit revenue remained stable during 2011.

Most expenses remained stable due to cost saving measures including lay-off's and employee benefit reductions.

**CAPITAL ASSETS**

As of year end, the Authority had \$5.7 million invested in a variety of capital assets as reflected in the following schedule, which represents a decreased amount (addition, deductions and depreciation) as compared to the end of last year.

**ERIE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
Year Ended June 30, 2010**

**Unaudited**

**TABLE 4 - CONDENSED STATEMENT OF CHANGES IN CAPITAL ASSETS**

<u><b>Erie Metropolitan Housing Authority</b></u>		
	<u><b>2011</b></u>	<u><b>2010</b></u>
Land and Land Rights	\$ 0.7	\$ 0.7
Buildings and Improvements	14.7	14.5
Equipment	0.7	0.7
Accumulated Depreciation	<u>(10.4)</u>	<u>(10.0)</u>
 Total	 <u>\$ 5.7</u>	 <u>\$ 5.9</u>

<u><b>Component Units</b></u>		
	<u><b>2011</b></u>	<u><b>2010</b></u>
Equipment	\$ 0.1	\$ 0.1
Accumulated Depreciation	<u>(0.1)</u>	<u>(0.1)</u>
 Total	 <u>\$ 0.0</u>	 <u>\$ 0.0</u>

The following reconciliation summarizes the change in Capital Assets, which is presented in detail in the notes.

**Table 5 - Changes in Capital Assets**

	<u><b>EMHA</b></u>	<u><b>Component Unit</b></u>
Beginning Balance - June 30, 2010	\$ 5.9	\$ (0.0)
Current year Additions	0.3	0.0
Current year Depreciation Expense	<u>(0.5)</u>	<u>(0.0)</u>
 Ending Balance - June 30, 2011	 <u>\$ 5.7</u>	 <u>\$ (0.0)</u>

	<u><b>EMHA</b></u>	<u><b>Component Unit</b></u>
Current year Additions are summarized as follows:		
- Building Improvements	<u>0.3</u>	<u>\$ 0.0</u>
 Total 2011 Additions	 <u>\$ 0.3</u>	 <u>\$ 0.0</u>

**ERIE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
Year Ended June 30, 2010**

**Unaudited**

This year's major additions primarily capital expenditures related to modernizing the Authority's housing developments. Also a small amount of equipment was purchased.

**DEBT**

As of year-end, the Authority had \$1.1 million in debt (bonds, notes, etc.) outstanding. The current year debt decrease by a minor portion due to the principal payment made. There was no new debt issued for the year. The following is a comparison of the Authority's debt outstanding at year end 2011 and year end 2010.

**Table 6 - Condensed Statement of Changes in Debt Outstanding**

	<u>EMHA</u>	<u>Component Unit</u>
Beginning Balance - June 30, 2010	\$ 1.1	\$ 0.0
Current Year Principal Payments	<u>(0.0)</u>	<u>0.0</u>
Ending Balance - June 30, 2011	<u>\$ 1.1</u>	<u>\$ 0.0</u>
	0	0.0

**ECONOMIC FACTORS**

Significant economic factors affecting the Authority are as follows:

- Federal funding provide 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

**FINANCIAL CONTACT**

The individual to be contacted regarding this report is Mary K. Wright, Finance Director of the Erie Metropolitan Housing Authority at (419) 625-0262, extension #1112. Specific requests may be submitted to the Erie Metropolitan Housing Authority at 322 Warren Street, Sandusky, Ohio 44870.

**ERIE METROPOLITAN HOUSING AUTHORITY**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2011**

	<i>Primary Government</i>	<i>Component Units</i>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$1,310,206	\$358,485
Cash restricted	791,264	0
Receivables, net	49,514	35,922
Inventories, net	41,991	5,960
Prepaid expenses and other assets	168,136	10,486
Due from Component Unit	6,701	0
<b>Total current assets</b>	<b>2,367,812</b>	<b>410,853</b>
<b>Noncurrent assets</b>		
Capital assets:		
Land	670,110	0
Building and equipment	15,444,727	51,048
Less accumulated depreciation	(10,433,671)	(50,763)
Total capital assets	5,681,166	285
Other non-current assets	8,017	0
Total noncurrent assets	5,689,183	285
<b>Total assets</b>	<b>\$8,056,995</b>	<b>\$411,138</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable	\$147,567	\$6,876
Accrued liabilities	224,649	0
Tenant security deposits	26,900	0
Deferred revenue	52,872	15,000
Mortgage revenue bond (current)	40,000	0
Other current liabilities	16,624	0
Due to Primary Government	0	6,701
<b>Total current liabilities</b>	<b>\$508,612</b>	<b>\$28,577</b>

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

**Statement of Net Assets (Continued)**  
**Proprietary Funds**  
**June 30, 2011**

	<i>Primary Government</i>	<i>Component Units</i>
<b>Noncurrent liabilities</b>		
Accrued compensated absences non-current	\$113,392	\$8,380
Mortgage revenue bond (noncurrent)	955,454	0
Noncurrent liabilities - other	13,964	0
<b>Total noncurrent liabilities</b>	<b>1,082,810</b>	<b>8,380</b>
<b>Total liabilities</b>	<b>\$1,591,422</b>	<b>\$36,957</b>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	\$4,685,712	\$285
Restricted net assets	764,364	0
Unrestricted net assets	1,015,497	373,896
<b>Total net assets</b>	<b>\$6,465,573</b>	<b>\$374,181</b>

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

**ERIE METROPOLITAN HOUSING AUTHORITY**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended June 30, 2011**

	<i>Primary Government</i>	<i>Component Units</i>
<b>OPERATING REVENUES</b>		
Tenant Revenue	\$376,244	\$0
Government operating grants	7,252,330	0
Other revenue	455,517	396,653
<b>Total operating revenues</b>	<b>8,084,091</b>	<b>396,653</b>
<b>OPERATING EXPENSES</b>		
Administrative	1,329,677	116,929
Tenant services	70,876	0
Utilities	221,818	62
Maintenance	742,928	256,579
Protective services	68,020	0
General	142,487	5,006
Housing assistance payment	5,201,267	0
Depreciation	517,822	1,287
<b>Total operating expenses</b>	<b>8,294,895</b>	<b>379,863</b>
<b>Operating income (loss)</b>	<b>(210,804)</b>	<b>16,790</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest and investment revenue	8,325	484
Interest expense	(52,341)	0
Loss from disposal of asset	(1,629)	0
<b>Total nonoperating revenues (expenses)</b>	<b>(45,645)</b>	<b>484</b>
Income (loss) before contributions and transfers	(256,449)	17,274
Capital grants	91,747	0
Change in net assets	(164,702)	17,274
Total net assets - beginning	6,630,275	356,907
<b>Total net assets - ending</b>	<b>\$6,465,573</b>	<b>\$374,181</b>

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

**ERIE METROPOLITAN HOUSING AUTHORITY**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2011**

	<i>Enterprise Fund</i>	<i>Component Units</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating grants received	\$7,373,150	\$0
Tenant revenue received	376,052	0
Other revenue received	571,829	439,917
Housing assistance payments made	(5,201,267)	0
General and administrative expenses paid	(2,847,308)	(383,435)
	272,456	56,482
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital grant funds received	91,747	0
Proceeds from sale of assets	651	0
Retirement of debt	(40,000)	0
Interest paid on Debt	(52,341)	0
Property and equipment purchased	(304,717)	0
Net cash provided (used) by capital and related financing activities	(304,660)	0
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	8,325	484
Net cash provided (used) by investing activities	8,325	484
Net increase (decrease) in cash	(23,879)	56,966
Cash and cash equivalents - Beginning of year	2,125,349	301,519
Cash and cash equivalents - End of year	\$2,101,470	\$358,485

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

**ERIE METROPOLITAN HOUSING AUTHORITY**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**For the Year Ended June 30, 2011**

	<i>Primary Government</i>	<i>Component Units</i>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Net Operating Income (Loss)	(\$210,804)	\$16,790
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities		
- Depreciation	517,822	1,287
- (Increases) Decreases in Accounts Receivable	186,929	43,264
- (Increases) Decreases in Inventory	(17,590)	1,911
- (Increases) Decreases in Prepaid Assets	(87,503)	(1,481)
- (Increases) Decreases in Due from Component Unit	(1,080)	0
- Increases (Decreases) in Accounts Payable	(208,228)	(5,639)
- Increases (Decreases) in Accrued Wages and Taxes Payable	7,211	(2,537)
- Increases (Decreases) in Compensated Absences Payable	(24,076)	1,807
- Increases (Decreases) in Deferred Revenue	(16,822)	0
- Increases (Decreases) in Other Current Liabilities	(63,583)	0
- Increases (Decreases) in Tenant Security Deposits	(50)	0
- Increases (Decreases) in Other Non-Current Liabilities	(6,532)	0
- Increases(Decreases) in Accrued Liability Other	197,842	0
- Increases (Decreases) in Payable to Primary Government	0	1,080
- (Increases) Decreases in Due from Component Unit	(1,080)	0
	<b>\$272,456</b>	<b>\$56,482</b>
Net cash provided by operating activities	<b>\$272,456</b>	<b>\$56,482</b>

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

ERIE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

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

**Summary of Significant Accounting Policies**

The financial statements of the Erie 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 Erie 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.

ERIE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011  
(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.

The accompanying financial statements present the Authority's primary government and the Erie County Senior Center Gift Store, component unit, which the Authority exercises significant control.

**Component Units**

The component unit is reported in the Authority financial statements as shown below:

*Discretely Presented Component Unit*  
Erie County Senior Center Gift Store

*Brief Description and Relationship*  
The Housing Authority board members represent a majority of the Erie County Senior Center therefore; it can significantly influence the activities. Also, the Authority staffs run the day to day operation which gives the Authority the responsibility for any financial support if necessary.

**Basis of Presentation**

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

**Fund Accounting**

The Authority uses the proprietary fund to report on its' financial position and the results of its' operations for the operation of 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.

ERIE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)

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

**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.

**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 Erie 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.

ERIE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)

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

**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. Special Program for the Aging – Title III C**

Under the title III-C Program, the Authority oversees the administration of the nutrition program by the Erie County Senior Center. Funding is received from the Area Office on Aging of Northwest Ohio, Inc. through the Department of Health and Human Services to provide nutritionally balance meals to residents of Erie County age 60 and older. Meals are provided for a donation only.

**E. Special Program for the Aging – Title III B**

This program provides services for the elderly of Erie County for transportation, escort, education, information & referral, volunteer placement, health assessments and socialization. Funding is received through the Area Office on Aging of Northwest Ohio, Inc. from the Department of Health and Human Services.

**F. Central Office Cost Center** – As part of the conversion to asset management, the Authority has established a central office cost center (COCC) fund by fees charged to the individual AMPs. Salaries and benefits of administrative personnel and charged to the COCC as are other administrative-related expenses. The profit remaining in the COCC is deprogrammed and is available for any housing use. As part of the conversion to asset management, the management fees received from the Erie Community Plaza, Inc. (a 202 PRAC project) and the Sandusky Metropolitan Housing Authority are now reported under the Central Office Cost Center.

**G. State and Local Grants** – represents resources derived from local grants for training and protective services at both the Bayshore Towers and the Erie County Senior Center.

**Investments**

The provisions of the HUD Regulations restrict investments. Investments are valued at market value. Interest income earned in fiscal year ending June 30, 2011 totaled \$8,325 for the primary government and \$484 for component unit.

ERIE METROPOLITAN HOUSING AUTHORITY  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2011  
 (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 \$500 or more per unit. Depreciation is calculated using the straight-line method over the estimated useful lives of three years to forty years. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized.

**Net Assets**

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

**Operating Revenues and Expenses**

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

**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.

**Restricted Cash**

Restricted cash balance as of June 30, 2011 represents cash on hand for the following:

	<b><u>EMHA</u></b>	<b><u>Component Units</u></b>
- Modernization and development	\$101,344	\$0
- Tenant security deposit	26,900	0
- Cash on hand to be used for tenants housing assistance payments	663,020	0
	\$791,264	\$0
Total Restricted Cash	\$791,264	\$0

ERIE METROPOLITAN HOUSING AUTHORITY  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2011  
 (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.

The following is a summary of changes in compensated absence for the year ended June 30, 2011:

<b>Description</b>	<b>Balance 06/30/10</b>	<b>Additions</b>	<b>Adjust / Deletion</b>	<b>Balance 06/30/11</b>	<b>Due In One Year</b>
Compensated Absence Payable	\$144,666	\$106,845	(\$127,114)	\$124,397	\$2,625
<b>Total</b>	<b>\$144,666</b>	<b>\$106,845</b>	<b>(\$127,114)</b>	<b>\$124,397</b>	<b>\$2,625</b>

**Capital Contributions**

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

**Budgetary Accounting**

The Authority annually prepares its budget as prescribed by the Department of Housing and Urban Development. This budget is submitted to the Department of Housing and Urban Development and once approved is adopted by the Board of the Housing Authority.

ERIE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)

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

**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: CASH 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 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.

**Primary Government**

At fiscal year end June 30, 2011, the carrying amount of the Authority's deposits totaled \$2,101,470 and its bank balance was \$2,334,940. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of June 30, 2011, \$1,733,596 was exposed to custodial risk as discussed below, while \$601,344 was covered by the Federal Depository Insurance Corporation.

ERIE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)

**NOTE 2: CASH AND INVESTMENTS (continued)**

**Component Unit**

At year end the carrying amount of the component unit deposit was \$358,485 and the bank balance was \$358,485. This amount was covered by the specific collateral pledged held at the Federal Reserve Bank in the name of the Authority.

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: 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.

**NOTE 4: 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 June 30, 2011 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.

During the audit period, the Authority settled on a law suite that required a payout of \$130,000. The Authority received authorization from HUD to make the payment from Section 8 administrative fees. Settled claims for the prior two years have not exceeded the insurance coverage. There has been no significant reduction in coverage from last year.

ERIE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)

**NOTE 5: CAPITAL ASSETS**

The following is a summary of the capital assets:

	<b>Primary Government</b>				
	<b>Balance 06/30/10</b>	<b>Adjust.</b>	<b>Additions</b>	<b>Deletion</b>	<b>Balance 06/30/11</b>
<b>Capital Assets Not Depreciated:</b>					
Land	\$670,110	\$0	\$0	\$0	\$670,110
<b>Total Capital Assets Not Being Depreciated</b>	<b>670,110</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>670,110</b>
<b>Capital Assets Being Depreciated:</b>					
Buildings	14,531,366	0	248,840	0	14,780,206
Furniture, Mach. & Equip	615,207	0	55,877	(6,563)	664,521
<b>Total Capital Assets Being Depreciated</b>	<b>15,146,573</b>	<b>0</b>	<b>304,717</b>	<b>(6,563)</b>	<b>15,444,727</b>
<b>Accumulated Depreciated:</b>					
Buildings	(9,438,123)	1	(476,686)	0	(9,914,808)
Furniture, Mach. & Equip	(482,899)	0	(41,136)	5,172	(518,863)
<b>Total Accumulated Depreciated</b>	<b>(9,921,022)</b>	<b>1</b>	<b>(517,822)</b>	<b>5,172</b>	<b>(10,433,671)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>5,225,551</b>	<b>1</b>	<b>(213,105)</b>	<b>(1,391)</b>	<b>5,011,056</b>
<b>Total Primary Government</b>	<b>\$5,895,661</b>	<b>\$1</b>	<b>(\$213,105)</b>	<b>(\$1,391)</b>	<b>\$5,681,166</b>

	<b>Component Unit</b>			
	<b>Balance 06/30/10</b>	<b>Adjust / Additions</b>	<b>Adjust / Deletion</b>	<b>Balance 06/30/11</b>
<b>Capital Assets Being Depreciated:</b>				
Furniture, Mach. & Equip	\$51,048	\$0	\$0	\$51,048
<b>Total Capital Assets Being Depreciated</b>	<b>51,048</b>	<b>0</b>	<b>0</b>	<b>51,048</b>
<b>Accumulated Depreciated:</b>				
Furniture, Mach. & Equip	(49,476)	(1,287)	0	(50,763)
<b>Total Accumulated Depreciated</b>	<b>(49,476)</b>	<b>(1,287)</b>	<b>0</b>	<b>(50,763)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$1,572</b>	<b>(\$1,287)</b>	<b>\$0</b>	<b>\$285</b>

ERIE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)

**NOTE 6: DEFINED BENEFIT PENSION PLANS**

**Ohio Public Employees Retirement System**

The Authority participates in the Ohio Public Employees Retirement System (OPERS).

Ohio Public Employees Retirement System administers three separate pension plans.

1. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan.
2. 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.
3. 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.

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. For 2010, member and employer contribution rates were consistent across all three plans. The 2010 member contribution rates were 10.0% and the employer contribution rate was 14.0%

The authority required contributions to OPERS for the years ended June 30, 2011, 2010, and 2009 were \$144,272, \$139,866, and \$137,233, respectively. All required contributions for the three years have been paid.

ERIE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)

**NOTE 7: POSTEMPLOYMENT BENEFITS**

**A. Plan Description**

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 do not qualify for ancillary benefits, including post-employment health care coverage.

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.

**B. 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.

ERIE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)

**NOTE 7: POSTEMPLOYMENT BENEFITS** (Continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, 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 contribution allocated to the health care plan was 4.00 percent of covered payroll. 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. Actual Authority contributions for the years ended June 30, 2011, 2010 and 2009, which were used to fund post-employment were \$41,219, \$54,947 and \$68,616, respectively.

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, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

**NOTE 8: DEBT**

Note dated July, 17, 2007, due June 2027, funded by a bond issue in the principal amount of \$40,532,000, of which EMHA's share is \$1,160,454. Repayment of the loan funded through contributions from HUD under the Capital Fund Program and investment earnings. Payment made by reducing the Capital Fund Program subsidy due EMHA. Payments are due semi-annually beginning October 1, 2007, totaling approximately \$90,000 annually. Serial bonds issued with fixed interest rates between 3.90% and 4.67%. The bonds were issued to provide major renovations at Bayshore towers. The outstanding balance as of June 30, 2011 is \$995,454.

The following is a summary of changes in long-term debt for the year ended June 30, 2011:

ERIE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)

**NOTE 8: DEBT** (Continued)

<b>DESCRIPTION</b>	<b>BALANCE 06/30/10</b>	<b>ISSUED</b>	<b>RETIRED</b>	<b>BALANCE 06/30/11</b>	<b>DUE 1 YEAR</b>
<b>Ohio Housing Finance Agen</b>	\$1,035,454	\$0	\$40,000	\$995,454	\$40,000
<b>TOTAL</b>	<b>\$1,035,454</b>	<b>\$0</b>	<b>\$40,000</b>	<b>\$995,454</b>	<b>\$40,000</b>

Debt maturities for the next five years are estimated as follows:

<b><u>YEAR</u></b>	<b><u>PRINCIPAL</u></b>	<b><u>INTEREST</u></b>
June 30, 2012	\$40,000	\$46,449
2013	45,000	44,396
2014	45,000	42,246
2015	50,000	39,994
2016	50,000	37,636
2017 – 2021	280,000	148,721
2022 – 2026	370,000	70,624
2027 - After	115,454	3,054
Total	<u>\$995,454</u>	<u>\$433,120</u>

**NOTE 9: CONTINGENCIES**

**Litigations and Claims**

In the normal course of operations the PHA may be subject to litigation and claims. At June 30, 2011 the PHA was involved in such matters. While the outcome of these matters cannot presently be determined, management believes that their ultimate resolution will not have a material effect on the financial statements.

Erie Metropolitan Housing Authority  
FDS Schedule Submitted to REAC  
Proprietary Fund Type - Enterprise Fund  
June 30, 2011

	Project Total	14.871 Housing Choice Vouchers	Component Units	State/Local	93.045 Special Programs for the Aging Title III, Part C Nutrition Services	93.044 Special Programs for the Aging Title III, Part B Grants for Supportive	COCC	ELIM	Total
111 Cash - Unrestricted	\$99,297	\$197,012	\$152,526	\$1,334	\$21,797	\$0	\$10,100	\$0	\$482,066
112 Cash - Restricted - Modernization and Development	\$101,344	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$101,344
113 Cash - Other Restricted	\$0	\$663,020	\$0	\$0	\$0	\$0	\$0	\$0	\$663,020
114 Cash - Tenant Security Deposits	\$26,900	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$26,900
100 Total Cash	\$227,541	\$860,032	\$152,526	\$1,334	\$21,797	\$0	\$10,100	\$0	\$1,273,330
125 Accounts Receivable - Miscellaneous	\$0	\$0	\$35,720	\$0	\$16,203	\$2,954	\$0	\$0	\$54,877
126 Accounts Receivable - Tenants	\$15,279	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$15,279
126.1 Allowance for Doubtful Accounts - Tenants	(\$2,354)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,354)
128 Fraud Recovery	\$0	\$441,759	\$0	\$0	\$0	\$0	\$0	\$0	\$441,759
128.1 Allowance for Doubtful Accounts - Fraud	\$0	(\$425,399)	\$0	\$0	\$0	\$0	\$0	\$0	(\$425,399)
129 Accrued Interest Receivable	\$1,058	\$0	\$202	\$0	\$0	\$0	\$14	\$0	\$1,274
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$13,983	\$16,360	\$35,922	\$0	\$16,203	\$2,954	\$14	\$0	\$85,436
131 Investments - Unrestricted	\$699,057	\$0	\$205,959	\$0	\$0	\$0	\$281,609	\$0	\$1,186,625
142 Prepaid Expenses and Other Assets	\$137,326	\$436	\$10,486	\$0	\$13,314	\$12,264	\$4,796	\$0	\$178,622
143 Inventories	\$27,479	\$0	\$5,960	\$0	\$12,137	\$0	\$7,671	\$0	\$53,247
143.1 Allowance for Obsolete Inventories	(\$5,167)	\$0	\$0	\$0	\$0	\$0	(\$129)	\$0	(\$5,296)
144 Inter Program Due From	\$0	\$36,000	\$0	\$0	\$42,277	\$0	\$53,020	(\$131,297)	\$0
150 Total Current Assets	\$1,100,219	\$912,828	\$410,853	\$1,334	\$105,728	\$15,218	\$357,081	(\$131,297)	\$2,771,964
161 Land	\$640,845	\$0	\$0	\$0	\$0	\$0	\$29,265	\$0	\$670,110
162 Buildings	\$14,227,829	\$39,277	\$0	\$0	\$0	\$0	\$513,100	\$0	\$14,780,206
163 Furniture, Equipment & Machinery - Dwellings	\$113,611	\$73,599	\$0	\$0	\$0	\$0	\$0	\$0	\$187,210

Erie Metropolitan Housing Authority  
FDS Schedule Submitted to REAC  
Proprietary Fund Type - Enterprise Fund  
June 30, 2011

	Project Total	14.871 Housing Choice Vouchers	Component Units	State/Local	93.045 Special Programs for the Aging Title III, Part C Nutrition Services	93.044 Special Programs for the Aging Title III, Part B Grants for Supportive	COCC	ELIM	Total
164 Furniture, Equipment & Machinery - Administration	\$153,600	\$0	\$51,048	\$0	\$32,868	\$0	\$290,843	\$0	\$528,359
166 Accumulated Depreciation	(\$9,755,174)	(\$90,146)	(\$50,763)	\$0	(\$12,839)	\$0	(\$575,512)	\$0	(\$10,484,434)
160 Total Capital Assets, Net of Accumulated Depreciation	\$5,380,711	\$22,730	\$285	\$0	\$20,029	\$0	\$257,696	\$0	\$5,681,451
174 Other Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$8,017	\$0	\$8,017
176 Investments in Joint Ventures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
180 Total Non-Current Assets	\$5,380,711	\$22,730	\$285	\$0	\$20,029	\$0	\$265,713	\$0	\$5,689,468
190 Total Assets	\$6,480,930	\$935,558	\$411,138	\$1,334	\$125,757	\$15,218	\$622,794	(\$131,297)	\$8,461,432
312 Accounts Payable <= 90 Days	\$35,944	\$9,256	\$6,876	\$0	\$19,620	\$3,980	\$78,767	\$0	\$154,443
321 Accrued Wage/Payroll Taxes Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$7,213	\$0	\$7,213
322 Accrued Compensated Absences - Current Portion	\$2,625	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,625
341 Tenant Security Deposits	\$26,900	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$26,900
342 Deferred Revenues	\$300	\$0	\$15,000	\$0	\$52,572	\$0	\$0	\$0	\$67,872
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$40,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$40,000
345 Other Current Liabilities	\$265	\$16,359	\$0	\$0	\$0	\$0	\$0	\$0	\$16,624
346 Accrued Liabilities - Other	\$214,811	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$214,811
347 Inter Program - Due To	\$0	\$27,980	\$6,701	\$0	\$0	\$36,561	\$60,055	(\$131,297)	\$0
310 Total Current Liabilities	\$320,845	\$53,595	\$28,577	\$0	\$72,192	\$40,541	\$146,035	(\$131,297)	\$530,488
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$955,454	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$955,454
352 Long-term Debt, Net of Current - Operating Borrowings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
353 Non-current Liabilities - Other	\$0	\$13,964	\$0	\$0	\$0	\$0	\$0	\$0	\$13,964

Erie Metropolitan Housing Authority  
FDS Schedule Submitted to REAC  
Proprietary Fund Type - Enterprise Fund  
June 30, 2011

	Project Total	14.871 Housing Choice Vouchers	Component Units	State/Local	93.045 Special Programs for the Aging Title III, Part C Nutrition Services	93.044 Special Programs for the Aging Title III, Part B Grants for Supportive	COCC	ELIM	Total
354 Accrued Compensated Absences - Non Current	\$14,269	\$34,551	\$8,380	\$0	\$15,417	\$6,320	\$42,835	\$0	\$121,772
350 Total Non-Current Liabilities	\$969,723	\$48,515	\$8,380	\$0	\$15,417	\$6,320	\$42,835	\$0	\$1,091,190
300 Total Liabilities	\$1,290,568	\$102,110	\$36,957	\$0	\$87,609	\$46,861	\$188,870	(\$131,297)	\$1,621,678
508.1 Invested In Capital Assets, Net of Related Debt	\$4,385,257	\$22,730	\$285	\$0	\$20,029	\$0	\$257,696	\$0	\$4,685,997
511.1 Restricted Net Assets	\$101,344	\$663,020	\$0	\$0	\$0	\$0	\$0	\$0	\$764,364
512.1 Unrestricted Net Assets	\$703,761	\$147,698	\$373,896	\$1,334	\$18,119	(\$31,643)	\$176,228	\$0	\$1,389,393
513 Total Equity/Net Assets	\$5,190,362	\$833,448	\$374,181	\$1,334	\$38,148	(\$31,643)	\$433,924	\$0	\$6,839,754
600 Total Liabilities and Equity/Net Assets	\$6,480,930	\$935,558	\$411,138	\$1,334	\$125,757	\$15,218	\$622,794	(\$131,297)	\$8,461,432

Erie Metropolitan Housing Authority  
FDS Schedule Submitted to REAC  
Proprietary Fund Type - Enterprise Fund  
June 30, 2011

	Project Total	14.871 Housing Choice Vouchers	Component Units	State/Local	93.045 Special Programs for the Aging Title III, Part C Nutrition Services	93.044 Special Programs for the Aging Title III, Part B Grants for Supportive	COCC	ELIM	Total
70300 Net Tenant Rental Revenue	\$356,640	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$356,640
70400 Tenant Revenue - Other	\$19,604	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$19,604
70500 Total Tenant Revenue	\$376,244	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$376,244
70600 HUD PHA Operating Grants	\$961,625	\$6,009,729	\$0	\$0	\$0	\$0	\$0	\$0	\$6,971,354
70610 Capital Grants	\$91,747	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$91,747
70710 Management Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$128,040	(\$128,040)	\$0
70720 Asset Management Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$27,360	(\$27,360)	\$0
70730 Book Keeping Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$20,123	(\$20,123)	\$0
70740 Front Line Service Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$90,038	(\$90,038)	\$0
70750 Other Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$82,029	\$0	\$82,029
70800 Other Government Grants	\$0	\$0	\$0	\$0	\$242,240	\$38,736	\$0	\$0	\$280,976
71100 Investment Income - Unrestricted	\$4,228	\$799	\$484	\$0	\$0	\$0	\$1,305	\$0	\$6,816
71400 Fraud Recovery	\$0	\$16,360	\$0	\$0	\$0	\$0	\$0	\$0	\$16,360
71500 Other Revenue	\$90,978	\$2,094	\$396,653	\$5,000	\$230,846	\$28,210	\$0	\$0	\$753,781
71600 Gain or Loss on Sale of Capital Assets	(\$1,629)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$1,629)
72000 Investment Income - Restricted	\$0	\$1,993	\$0	\$0	\$0	\$0	\$0	\$0	\$1,993
70000 Total Revenue	\$1,523,193	\$6,030,975	\$397,137	\$5,000	\$473,086	\$66,946	\$348,895	(\$265,561)	\$8,579,671
91100 Administrative Salaries	\$62,373	\$293,236	\$80,561	\$0	\$158,201	\$49,383	\$236,525	\$0	\$880,279
91200 Auditing Fees	\$2,081	\$9,561	\$148	\$0	\$145	\$2,617	\$0	\$0	\$14,552
91300 Management Fee	\$147,630	\$0	\$0	\$0	\$0	\$0	\$0	(\$128,040)	\$19,590
91310 Book-keeping Fee	\$20,123	\$0	\$0	\$0	\$0	\$0	\$0	(\$20,123)	\$0
91400 Advertising and Marketing	\$2,142	\$311	\$0	\$0	\$0	\$0	\$228	\$0	\$2,681

Erie Metropolitan Housing Authority  
FDS Schedule Submitted to REAC  
Proprietary Fund Type - Enterprise Fund  
June 30, 2011

	Project Total	14.871 Housing Choice Vouchers	Component Units	State/Local	93.045 Special Programs for the Aging Title III, Part C Nutrition Services	93.044 Special Programs for the Aging Title III, Part B Grants for Supportive	COCC	ELIM	Total
91700 Legal Expense	\$15,814	\$149,081	\$6	\$0	\$0	\$0	\$2,495	\$0	\$167,396
91800 Travel	\$15,254	\$9,441	\$11,576	\$0	\$0	\$0	\$5,134	\$0	\$41,405
91810 Allocated Overhead	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
91900 Other	\$0	(\$7,921)	\$0	\$0	\$3,053	\$0	\$0	\$0	(\$4,868)
91000 Total Operating - Administrative	\$324,387	\$582,488	\$116,929	\$0	\$214,966	\$81,529	\$317,168	(\$190,861)	\$1,446,606
92000 Asset Management Fee	\$27,360	\$0	\$0	\$0	\$0	\$0	\$0	(\$27,360)	\$0
92100 Tenant Services - Salaries	\$15,270	\$35,298	\$0	\$0	\$0	\$0	\$0	\$0	\$50,568
92300 Employee Benefit Contributions - Tenant Services	\$3,106	\$5,809	\$0	\$0	\$0	\$0	\$0	\$0	\$8,915
92400 Tenant Services - Other	\$11,019	\$374	\$0	\$0	\$0	\$0	\$0	\$0	\$11,393
92500 Total Tenant Services	\$29,395	\$41,481	\$0	\$0	\$0	\$0	\$0	\$0	\$70,876
93100 Water	\$10,669	\$63	\$2	\$0	\$6	\$6	\$22	\$0	\$10,768
93200 Electricity	\$114,185	\$3,498	\$47	\$0	\$176	\$198	\$1,225	\$0	\$119,329
93300 Gas	\$67,765	\$907	\$13	\$0	\$52	\$45	\$317	\$0	\$69,099
93600 Sewer	\$22,508	\$120	\$0	\$0	\$8	\$6	\$42	\$0	\$22,684
93000 Total Utilities	\$215,127	\$4,588	\$62	\$0	\$242	\$255	\$1,606	\$0	\$221,880
94100 Ordinary Maintenance and Operations - Labor	\$114,185	\$2,627	\$0	\$0	\$0	\$0	\$2	\$0	\$116,814
94200 Ordinary Maintenance and Operations - Materials and Other	\$115,855	\$3,127	\$236,478	\$0	\$215,203	\$3,484	\$1,535	\$0	\$575,682
94300 Ordinary Maintenance and Operations Contracts	\$165,261	\$96,353	\$20,101	\$0	\$18,609	\$330	\$20,071	(\$42,170)	\$278,555
94500 Employee Benefit Contributions - Ordinary Maintenance	\$32,796	\$4	\$0	\$0	\$0	\$0	\$0	(\$5,170)	\$27,630
94000 Total Maintenance	\$428,097	\$102,111	\$256,579	\$0	\$233,812	\$3,814	\$21,608	(\$47,340)	\$998,681

Erie Metropolitan Housing Authority  
FDS Schedule Submitted to REAC  
Proprietary Fund Type - Enterprise Fund  
June 30, 2011

	Project Total	14.871 Housing Choice Vouchers	Component Units	State/Local	93.045 Special Programs for the Aging Title III, Part C Nutrition Services	93.044 Special Programs for the Aging Title III, Part B Grants for Supportive	COCC	ELIM	Total
95200 Protective Services - Other Contract Costs	\$54,503	\$0	\$0	\$5,000	\$0	\$8,517	\$0	\$0	\$68,020
95000 Total Protective Services	\$54,503	\$0	\$0	\$5,000	\$0	\$8,517	\$0	\$0	\$68,020
96110 Property Insurance	\$56,082	\$1,485	\$18	\$0	\$43	\$58	\$520	\$0	\$58,206
96120 Liability Insurance	\$29,244	\$944	\$984	\$0	\$595	\$269	\$449	\$0	\$32,485
96130 Workmen's Compensation	\$4,164	\$6,915	\$1,785	\$0	\$3,516	\$1,241	\$4,854	\$0	\$22,475
96140 All Other Insurance	\$8,725	\$943	\$2,617	\$0	\$29	\$2,910	\$1,879	\$0	\$17,103
96100 Total insurance Premiums	\$98,215	\$10,287	\$5,404	\$0	\$4,183	\$4,478	\$7,702	\$0	\$130,269
96200 Other General Expenses	\$0	\$10,208	\$0	\$0	\$52	\$0	\$0	\$0	\$10,260
96210 Compensated Absences	\$2,092	(\$6,679)	(\$730)	\$0	(\$4,078)	(\$3,055)	(\$9,986)	\$0	(\$22,436)
96300 Payments in Lieu of Taxes	\$15,331	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$15,331
96400 Bad debt - Tenant Rents	(\$437)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$437)
96800 Severance Expense	\$617	\$2,142	\$332	\$0	\$5,790	\$3,051	\$2,574	\$0	\$14,506
96000 Total Other General Expenses	\$17,603	\$5,671	(\$398)	\$0	\$1,764	(\$4)	(\$7,412)	\$0	\$17,224
96730 Amortization of Bond Issue Costs	\$52,341	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$52,341
96700 Total Interest Expense and Amortization Cost	\$52,341	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$52,341
96900 Total Operating Expenses	\$1,247,028	\$746,626	\$378,576	\$5,000	\$454,967	\$98,589	\$340,672	(\$265,561)	\$3,005,897
97000 Excess of Operating Revenue over Operating Expenses	\$276,165	\$5,284,349	\$18,561	\$0	\$18,119	(\$31,643)	\$8,223	\$0	\$5,573,774
97100 Extraordinary Maintenance	\$826	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$826
97300 Housing Assistance Payments	\$0	\$5,201,267	\$0	\$0	\$0	\$0	\$0	\$0	\$5,201,267

Erie Metropolitan Housing Authority  
FDS Schedule Submitted to REAC  
Proprietary Fund Type - Enterprise Fund  
June 30, 2011

	Project Total	14.871 Housing Choice Vouchers	Component Units	State/Local	93.045 Special Programs for the Aging Title III, Part C Nutrition Services	93.044 Special Programs for the Aging Title III, Part B Grants for Supportive	COCC	ELIM	Total
97400 Depreciation Expense	\$475,358	\$3,250	\$1,287	\$0	\$6,218	\$0	\$32,996	\$0	\$519,109
90000 Total Expenses	\$1,723,212	\$5,951,143	\$379,863	\$5,000	\$461,185	\$98,589	\$373,668	(\$265,561)	\$8,727,099
10010 Operating Transfer In	\$32,529	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$32,529
10020 Operating transfer Out	(\$32,529)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$32,529)
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(\$200,019)	\$79,832	\$17,274	\$0	\$11,901	(\$31,643)	(\$24,773)	\$0	(\$147,428)
11030 Beginning Equity	\$5,390,381	\$753,616	\$356,907	\$1,334	\$26,247	\$0	\$458,697	\$0	\$6,987,182
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Ending Equity	\$5,190,362	\$833,448	\$374,181	\$1,334	\$38,148	(\$31,643)	\$433,924	\$0	\$6,839,754
11020 Required Annual Debt Principal Payments	\$40,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$40,000
11170 Administrative Fee Equity	\$0	\$170,427	\$0	\$0	\$0	\$0	\$0	\$0	\$170,427
11180 Housing Assistance Payments Equity	\$0	\$663,021	\$0	\$0	\$0	\$0	\$0	\$0	\$663,021
11190 Unit Months Available	\$2,736	\$12,564	\$0	\$0	\$0	\$0	\$0	\$0	\$15,300
11210 Number of Unit Months Leased	\$2,684	\$12,272	\$0	\$0	\$0	\$0	\$0	\$0	\$14,956
11270 Excess Cash	\$420,468	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$420,468
11620 Building Purchases	\$91,747	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$91,747

Erie Metropolitan Housing Authority  
Schedule of Expenditures Federal Award  
For the Year Ended June 30, 2011

<b>FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES</b>	<b>CFDA NUMBER</b>	<b>EXPENDITURES</b>
<b>U.S. Department of Housing and Urban Development Direct Program</b>		
Low Rent Public Housing	14.850	\$ 788,720
Housing Choice Voucher Program	14.871	6,009,729
Public Housing – Capital Fund Program	14.872	<u>264,652</u>
<b>Total U.S. Department of Housing and Urban Development</b>		<b><u>7,063,101</u></b>
<b>U.S. Department of Health and Human Services Pass-Through Program From: Area Office on Aging of Northwestern Ohio, Inc.</b>		
Aging Programs (Cluster)		
Special Program for the Aging – Title III, Part B		
Grants for Supportive Services and Senior Center	93.044	38,736
Special Programs for the Aging – Title III, Part C		
Nutrition Services	93.045	<u>242,240</u>
<b>Total U.S. Department of Health and Human Services</b>		<b><u>280,976</u></b>
<b>Total Expenditure of Federal Award</b>		<b><u><u>\$7,344,077</u></u></b>



6548 Royalton Road, Suite 104  
North Royalton, Ohio 44133  
Phone (440) 877-9870  
Fax (440) 877-9237  
[sconsiglio@aol.com](mailto:sconsiglio@aol.com)

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

Board of Directors  
Erie Metropolitan Housing Authority

I have audited the financial statements of the business-type activities, and the aggregate discretely presented component unit of the Erie Metropolitan Housing Authority, Ohio, as of and for the year ended June 30, 2011, which collectively comprise the Erie Metropolitan Housing Authority basic financial statements and have issued my report thereon dated March 2, 2012. 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.

**Internal Control over Financial Reporting**

In planning and performing my audit, I considered Erie Metropolitan Housing Authority's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, I do not express an opinion 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 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 was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider material weaknesses, as defined above.

### **Compliance and Other Matters**

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

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

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Salvatore Consiglio, CPA, Inc.  
March 2, 2012



6548 Royalton Road, Suite 104  
North Royalton, Ohio 44133  
Phone (440) 877-9870  
Fax (440) 877-9237  
[sconsiglio@aol.com](mailto:sconsiglio@aol.com)

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

Board of Directors  
Erie Metropolitan Housing Authority

**Compliance**

I have audited the compliance of the Erie 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. Erie 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 Erie Metropolitan Housing Authority, Ohio's management. My responsibility is to express an opinion on Erie 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 Erie 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 Erie Metropolitan Housing Authority, Ohio's compliance with those requirements.

In my opinion, Erie Metropolitan Housing Authority, Ohio, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

## **Internal Control Over Compliance**

The management of Erie 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 Erie 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 Erie 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.

This report is intended for the information of the Board of Directors, management, and federal awarding agencies and pass-through entities 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 2, 2012

Erie Metropolitan Housing Authority  
 Schedule of Findings and Questioned Costs  
 OMB Circular A-133 § .505  
 June 30, 2011

<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)?	No
Were 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?	No
Major Programs (list):	CFDA # 14.871 – Housing Choice Voucher
Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All Others
Low Risk Auditee?	Yes

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS</b>
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There are no Findings or questioned costs for the year ended June 30, 2011.

<b>3. FINDINGS RELATED TO FEDERAL AWARDS</b>
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There are no Findings or questioned costs for the year ended June 30, 2011.

Erie Metropolitan Housing Authority  
Schedule of Prior Audit Findings  
June 30, 2011

The audit report for the fiscal year ending June 30, 2010 contained no audit findings.



# Dave Yost • Auditor of State

**ERIE METROPOLITAN HOUSING AUTHORITY**

**ERIE 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 17, 2012**