

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY
Single Audit
For the Year Ended March 31, 2013**

Perry & Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

Board of Commissioners
Harrison Metropolitan Housing Authority
P.O. Box 146
82450 Cadiz-Jewett Road
Cadiz, Ohio 43907

We have reviewed the *Independent Auditor's Report* of the Harrison Metropolitan Housing Authority, Harrison County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period April 1, 2012 through March 31, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Harrison Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

November 21, 2013

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**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY
FOR THE YEAR ENDED MARCH 31, 2013**

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INDEPENDENT AUDITOR'S REPORT

September 17, 2013

Harrison Metropolitan Housing Authority
Harrison County
P.O. Box 146
82450 Cadiz-Jewett Rd.
Cadiz, OH 43907

To the Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the **Harrison Metropolitan Housing Authority**, Harrison County, Ohio (the Authority), as of and for the year ended March 31, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Authority's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Harrison Metropolitan Housing Authority, Harrison County, Ohio, as of March 31, 2013, and the respective changes in financial position and cash flows, thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the Authority's basic financial statements taken as a whole. The actual modernization cost certificate presented on page 32 and the supplemental financial data schedules presented on pages 25 through 31 are presented for additional analysis as required by the U.S. Department of Housing and Urban Development and are not a required part of the basic financial statements. The schedule of federal awards expenditures provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements.

The actual modernization cost certificate, supplemental financial data schedules and schedule of federal awards expenditures are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2013, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2013
UNAUDITED**

The management of the Harrison Metropolitan Housing Authority's (the "Authority") offers the readers of the Authority's financial statements this narrative overview and analysis of the Authority's financial activities for the year ended March 31, 2013. This 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 the single enterprise fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, readers should consider the information presented here in conjunction with the Authority's basic financial statements to obtain a full understanding of its financial position.

Financial Highlights

The Authority's programs for the single enterprise fund are: Conventional Public-Housing, Capital Fund Program (CFP), Housing Choice Voucher Program, State/Local, and USDA Rural Development.

- Net position was \$2,122,681 and \$2,131,265 for the fiscal years ended March 31, 2013 and 2012, respectively. The Authority's net position decreased by \$8,584 or .4% during 2013, based on the current year activity.
- Revenues decreased by \$4,141 or 0.28% during 2013, and were \$1,450,979 and \$1,455,120 for 2013 and 2012, respectively.
- Expenses decreased by \$52,461 or 3.6% during 2013 and were \$1,459,563 and \$1,512,024 for 2013 and 2012, respectively.

Overview of the Financial Reports

The following outlines the format of these financial statements:

MD&A ~ Management Discussion and Analysis ~
Basic Financial Statements ~ Statement of Net Position ~ ~ Statement of Revenues, Expenses and Changes in Net Position ~ ~ Statement of Cash Flows ~ ~ Notes to Financial Statements ~

The clearly preferable focus is on the Authority as a single enterprise fund. This format allows the user to address relevant questions, broaden a basis for comparison (year to year or Authority to Authority) and enhance the Authority's accountability.

Basic Financial Statements

The basic financial statements are designed to be corporate-like in that all business-type programs are consolidated into one single enterprise fund for the Authority.

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2013
UNAUDITED**

Basic Financial Statements (Continued)

These statements include a *Statement of Net Position*, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The statement is presented in the format that reflects assets, minus liabilities, equals "Net Position", 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 Position* (the "Unrestricted Net Position") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Position (formerly net assets) is reported in three broad categories (as applicable):

Net Investment in Capital Assets - This component of net position 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 - This component of net position consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted - Consists of net position that do not meet the definition of "Net Investment in Capital Assets", or "Restricted". This account resembles the old operating reserves account.

The basic financial statements also include a *Statement of Revenues, Expenses and Changes in Net Position* (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as grant revenue, investment income and interest expense.

The focus of the *Statement of Revenues, Expenses and Changes in Net Position* is the "Change in Net Position", 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.

Program Overview

The Authority's programs that are consolidated into a single enterprise fund are as follows:

Project (Conventional Public Housing and Capital Fund Program) – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy to enable the PHA to provide the housing at a rent that is based upon 30% of adjusted gross household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for the Authority's physical and management improvements. Funds are allocated by a formula allocation and based on size and age of the Authority's units.

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority subsidizes rents to independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides funding to enable the Authority to structure a lease that requires the participant to pay a rent based on a percentage of their adjusted gross household income, typically 30%, and the Housing Authority subsidizes the balance.

State / Local – The State and Local Programs represent the Authority's endeavors to expand operations through Enterprise Housing. Enterprise Housing consists of a duplex home owned and rented by the Authority. It also includes an activity for management of a multi-family project, Bingham Terrace.

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2013
UNAUDITED**

Program Overview (Continued)

USDA Rural Development – Under the USDA Rural Development Program, the Authority rents units that it owns to low-income households. The USDA Rural Development Program is operated under a contract with the United States Department of Agriculture, and the USDA provides Operating Subsidy to enable the PHA to provide housing at a rent that is based upon 30% of adjusted gross household income.

Analysis of Statement of Net Position

The following Table 1 compares the condensed Statement of Net Position for the current and previous fiscal year.

The Authority's assets were \$2,922,493 and \$2,956,278 for the fiscal years ended March 31, 2013 and 2012. During fiscal year 2013 the Authority's assets decreased by \$33,785 or 1.2%.

Current and long-term liabilities were \$799,812 and \$825,013 for the fiscal years ended March 31, 2013 and 2012. Authority liabilities decreased by \$25,201 or 1.2%.

Total net position were \$2,122,681 and \$2,131,265 for the fiscal years ended March 31, 2013 and 2012 resulting in a decrease in net position of \$8,584 or .4%.

**Table 1
Statement of Net Position**

	<u>2013</u>	<u>2012</u>	<u>Change</u>
Assets			
Current and Other Assets	\$ 918,116	\$ 859,714	\$ 58,402
Capital Assets	1,629,377	1,721,564	(92,187)
Non-Current Assets	375,000	375,000	-
Total Assets	<u>2,922,493</u>	<u>2,956,278</u>	<u>(33,785)</u>
Liabilities			
Current Liabilities	101,189	120,209	(19,020)
Long-Term Liabilities	698,623	704,804	(6,181)
Total Liabilities	<u>799,812</u>	<u>825,013</u>	<u>(25,201)</u>
Net Position			
Net Investment in Capital Assets	928,947	1,005,951	(77,004)
Restricted	9,712	129,398	(119,686)
Unrestricted	1,184,022	995,916	188,106
Total Net Position	<u><u>\$ 2,122,681</u></u>	<u><u>\$ 2,131,265</u></u>	<u><u>\$ (8,584)</u></u>

Analysis of Statement of Revenues, Expenses and Changes in Net Position

The following Table 2 compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged in Business-Type Activities only.

The Authority's total revenue received was \$1,450,979 and \$1,455,120 for fiscal year ended March 31, 2013 and 2012, respectively. This was an overall decrease of \$4,141 or 0.28%.

Total expenditures were \$1,459,563 and \$1,512,024 for fiscal year ended March 31, 2013 and 2012. This was an overall decrease of \$52,461 or 3.6%. The majority of the decrease in expenditures was due to a decrease in housing assistance payments, and other category changes were a result of expenditure reclassifications from one year to another.

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2013
UNAUDITED**

Analysis of Statement of Revenues, Expenses and Changes in Net Position (Continued)

Table 2
Statement of Revenues, Expenses and Changes in Net Position

	<u>2013</u>	<u>2012</u>	<u>Change</u>
Revenues			
Tenant Revenue	\$ 234,669	\$ 233,333	\$ 1,336
Operating Subsidies	838,896	1,104,642	(265,746)
Capital Grants	56,744	23,734	33,010
Investment/Other Income	320,670	93,411	227,259
Total Revenue	<u>1,450,979</u>	<u>1,455,120</u>	<u>(4,141)</u>
Expenses			
Administration	314,118	235,342	78,776
Tenant Services	981	749	232
Utilities	75,643	82,953	(7,310)
Maintenance	177,549	154,659	22,890
General, Insurance & Interest	66,204	120,604	(54,400)
Housing Assistance Payments	676,138	775,450	(99,312)
Depreciation	148,930	142,267	6,663
Total Expenses	<u>1,459,563</u>	<u>1,512,024</u>	<u>(52,461)</u>
Total Net Position	<u>\$ (8,584)</u>	<u>\$ (56,904)</u>	<u>\$ (65,488)</u>

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Net Position provides a clearer presentation of financial position. Table 3 on the following page details the changes in Net Position.

Table 3
Changes In Net Position

	<u>Investment in Capital Assets</u>	<u>Restricted Net Assets</u>	<u>Unrestricted Net Assets</u>
Beginning Balance – March 31, 2012	<u>\$ 1,005,951</u>	<u>\$ 129,398</u>	<u>\$ 995,916</u>
Results of Operations	-	(120,226)	111,102
Adjustments:			
Current Year Depreciation Expense	(148,930)	-	148,930
Capital Expenditures	56,743	-	(56,743)
Current Year Debt Activities, Net	15,183	-	(15,183)
	<u>\$ 928,947</u>	<u>\$ 9,712</u>	<u>\$ 1,184,022</u>

Capital Assets and Debt Administration

As of March 31, 2013, the Authority had \$1,629,377 invested in a variety of capital assets as reflected in Table 4 below; this represents a net decrease of \$92,187.

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2013
UNAUDITED**

Capital Assets and Debt Administration (Continued)

**Table 4
Capital Assets (Net of Depreciation)**

<i>Capital Assets</i>	<u>2013</u>	<u>2012</u>	<u>Change</u>
Land	\$ 140,680	\$ 140,680	\$ -
Buildings	4,912,752	4,838,703	74,049
Furniture, Equipment and Machinery	232,876	263,912	(31,036)
Accumulated Depreciation	(3,656,931)	(3,521,731)	(135,200)
Total Capital Assets	<u>\$ 1,629,377</u>	<u>\$ 1,721,564</u>	<u>\$ (92,187)</u>

Table 5 summarizes the change in Capital Assets.

**Table 5
Change in Capital Assets**

<i>Beginning Balance - Net</i>	<u>2013</u> <u>\$ 1,721,564</u>
Additions – Capital Fund	56,743
Depreciation Expense	(148,930)
Total Capital Assets	<u>\$ 1,629,377</u>

As of March 31, 2013, the Authority had \$700,430 in debt (mortgages) outstanding compared to \$715,613 the prior year.

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

<i>Beginning Balance – March 31, 2012</i>	<u>2013</u> <u>\$ 715,613</u>
Current Year Principal Payments	(15,183)
Ending Balance – March 31, 2013	<u>\$ 700,430</u>

Economic Factors

Several significant economic and regulatory factors are present that may impact the Authority in the future.

The Department of Housing and Urban Development has historically underestimated the subsidy needs of the public housing program and Congress has often funded less than HUD requested. We do not expect this to change. These funding levels may fall lower as there is pressure on Congress to reduce the deficit.

As with other businesses our Authority is faced with the increased cost associated with property insurance and with healthcare insurance cost for staff. This trend will probably continue.

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2013
UNAUDITED**

Economic Factors (Continued)

The Authority's Section-8 Housing Choice Voucher program's is open and accepting applications, it has become increasingly difficult for participants to find rental units within Harrison County because of the recent Oil and Gas boom. Landlords are choosing to leave the program to lease their units to out of town workers for more income potential resulting in a shortage of available units. HMHA continues to issue vouchers with an approximate waiting period of 30 to 60 days.

Administrative fees for the Section-8 Housing Choice Voucher program have also been reduced at a time when management of the program has become more difficult and time consuming.

The Authority management is continuing to explore ideas that may increase future revenue and reduce operating expense.

Financial Contact

Questions concerning any of the information provided in this Management Discussion & Analysis should be addressed to:

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**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
MARCH 31, 2013**

Assets

Current Assets:

Cash and Cash Equivalents	\$ 650,539
Cash and Cash Equivalents - Restricted	51,403
Receivables - Net of Allowance	63,747
Prepaid Expenses and Other Assets	27,427
Pledged Escrow Receivable - Current	125,000

Total Current Assets	918,116
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Noncurrent Assets:

Capital Assets

Land	140,680
Other Capital Assets - Net	1,488,697

Total Capital Assets	1,629,377
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Pledged Escrow Receivable - Noncurrent	375,000
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Total Noncurrent Assets	2,004,377
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Total Assets	\$ 2,922,493
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Liabilities

Current Liabilities:

Accounts Payable	\$ 33,720
Accrued Wages/Payroll Taxes	8,372
Accrued Compensated Absences - Current	15,479
Accrued Liabilities - Other	9,563
Tenant Security Deposits	19,487
Deferred Revenues	93
Current Portion of Long-Term Debt	14,475

Total Current Liabilities	101,189
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Noncurrent Liabilities:

Accrued Compensated Absences - Noncurrent	12,668
Long-Term Debt	685,955

Total Noncurrent Liabilities	698,623
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Total Liabilities	799,812
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Net Position

Net Investment in Capital Assets	928,947
Restricted	9,712
Unrestricted	1,184,022

Total Net Position	2,122,681
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Total Liabilities and Net Position	\$ 2,922,493
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See accompanying notes to the basic financial statements

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2013**

Operating Revenues:	
Tenant Revenue	\$ 234,669
Operating Subsidies	838,896
Other Revenues	320,459
Total Operating Revenues	<u>1,394,024</u>
Operating Expenses:	
Administrative	314,118
Tenant Services	981
Utilities	75,643
Maintenance	177,549
Insurance	31,186
Payment In Lieu of Taxes (PILOT)	9,563
Bad Debts	8,755
Housing Assistance Payments	676,138
Depreciation	148,930
Total Operating Expenses	<u>1,442,863</u>
Operating (Loss)	(48,839)
Non-Operating Revenues (Expenses):	
Interest Revenue	211
Interest Expense	(16,700)
Capital Grants	56,744
Total Non-Operating Revenue (Expenses)	<u>40,255</u>
Change In Net Position	(8,584)
Net Position Beginning Of Year	<u>2,131,265</u>
Net Position End Of Year	<u>\$ 2,122,681</u>

See accompanying notes to the basic financial statements

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2013**

Cash Flows From Operating Activities:	
Cash Received From HUD	\$ 828,121
Cash Received From Tenants	213,523
Cash Received From Other Revenue	320,459
Cash Payments For Housing Assistance Payments	(676,138)
Cash Payments For Other Operating Expenses	<u>(620,613)</u>
Net Cash Provided By (Used In) Operating Activities	<u>65,352</u>
Cash Flows From Investing Activities:	
Investments Converted to Cash	95,581
Interest Income	<u>211</u>
Net Cash Provided By (Used In) Investing Activities	<u>95,792</u>
Cash Flows From Capital And Related Financing Activities:	
Capital Grants Received	56,744
Acquisition Of Capital Assets	(56,743)
Principal Payments On Debt	(15,183)
Interest Payments On Debt	<u>(16,700)</u>
Net Cash Provided By (Used In) Capital And Related Financing Activities	(31,882)
Change In Cash And Cash Equivalents	129,262
Cash And Cash Equivalents, Beginning	<u>572,680</u>
Cash And Cash Equivalents, Ending	<u><u>\$ 701,942</u></u>
Reconciliation Of Operating Loss To Net Cash Provided By (Used In) Operating Activities	
Operating Loss	\$ (48,839)
Adjustments To Reconcile Operating Loss To Net Cash Provided By (Used In) Operating Activities:	
Depreciation	148,930
(Increase)Decrease In:	
Receivables - Net of Allowance	(19,388)
Prepaid Expenses	(5,333)
Increase(Decrease) In:	
Accounts Payable	21,014
Accrued Wages/Payroll Taxes	(15,636)
Accrued Compensated Absences	(2,863)
Accounts Payable - Other Government	(9,521)
Tenant Security Deposits	(1,758)
Deferred Revenue	<u>(1,254)</u>
Net Cash Provided By Operating Activities	<u><u>\$ 65,352</u></u>

See accompanying notes to the basic financial statements

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY
NOTES TO THE BASIS FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Harrison Metropolitan Housing Authority (the "Authority") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued after November 30, 1989, to its business-type activities and to its proprietary fund provided they do not conflict with or contradict GASB pronouncements. The more significant of the Authority's accounting policies are described below.

Reporting Entity

The Authority was created under the Ohio Revised Code, Section 3735.27. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate.

The accompanying Basic Financial Statements comply with the provision of 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.

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.

On the basis of the application of these criteria, the Authority is a legally separate entity that is fiscally independent of other governments and there are no other entities that are required to be reported as component units of the Authority. Management believes the financial statements included in this report represent all of the funds of the Authority over which the Authority is financially accountable.

Basis of Presentation

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

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

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

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY
NOTES TO THE BASIS FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Measurement Focus

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

Change in Accounting Principles

For 2013, the Authority has implemented Governmental Accounting Standards Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position". GASB Statement No. 63 provides guidance for reporting deferred outflows or resources, deferred inflows of resources, and net position in a statement of financial position and related note disclosures. These changes were incorporated in the Authority's 2013 financial statements; however, there was no material effect on beginning net position/fund balance.

Enterprise Fund

The Authority uses the proprietary fund to report on its financial position and the results of its operations for the Section 8 and public housing programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

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

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

Project (Conventional Public Housing and Capital Fund Program) – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy to enable the PHA to provide the housing at a rent that is based upon 30% of adjusted gross household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for the Authority's physical and management improvements. Funds are allocated by a formula allocation and based on size and age of the Authority's units.

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority subsidizes rents to independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides funding to enable the Authority to structure a lease that requires the participant to pay a rent based on a percentage of their adjusted gross household income, typically 30%, and the Housing Authority subsidizes the balance.

State / Local – The State and Local Program represent the Authority's endeavors to expand operations through Enterprise Housing. Enterprise Housing consists of a duplex home owned and rented by the Authority. It also includes an activity for management of a multi-family project, Bingham Terrace.

USDA Rural Development – Under the USDA Rural Development Program, the Authority rents units that it owns to low-income households. The USDA Rural Development Program is operated under a contract with the United States Department of Agriculture, and the USDA provides Operating Subsidy to enable the PHA to provide housing at a rent that is based upon 30% of adjusted gross household income.

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY
NOTES TO THE BASIS FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accounting and Reporting for Non-exchange Transactions

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

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

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

GASB 33 establishes two distinct standards depending upon the kind of stipulation imposed by the provider.

- Time requirements specify (a) the period when resources are required to be used or when use may begin (for example, operating or capital grants for a specific period) or (b) that the resources are required to be maintained intact in perpetuity or until a specified date or event has occurred (for example, permanent endowments, term endowments, and similar agreements). Time requirements affect the timing of recognition of non-exchange transactions.
- Purpose restrictions specify the purpose for which resources are required to be used. (i.e. capital grants used for the purchase of capital assets). Purpose restrictions do not affect when a nonexchange transaction is recognized. However, PHAs that receive resources with purpose restrictions should report resulting net position, equity, or fund balance as restricted.

The PHA will recognize assets (liabilities) when all applicable eligibility requirements are met or resources received whichever is first. Eligibility requirements established by the provider may stipulate the qualifying characteristics of recipients, time requirements, allowable costs, and other contingencies.

The PHA will recognize revenues (expenses) when all applicable eligibility requirements are met. For transactions that have a time requirement for the beginning of the following period, PHAs should record resources received prior to that period as deferred revenue and the provider of those resources would record an advance.

The PHA receives government-mandated or voluntary nonexchange transactions, which do not specify time requirements. Upon award, the entire subsidy should be recognized as a receivable and revenue in the period when applicable eligibility requirements have been met.

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.

Investments

Investments are restricted by the provisions of the HUD regulations (See Note 2). Investments are valued at market value. Interest income earned in fiscal year ended March 31, 2013 totaled \$211.

Receivables – Net of Allowance

Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant receivable balances at the end of the year. The allowance for doubtful accounts was \$239 at March 31, 2013.

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY
NOTES TO THE BASIS FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond the year end, are recorded as prepaid expenses using the consumption method. A current asset for the amount is recorded at the time of the purchase and expense is reported in the year in which the services are consumed.

Capital Assets

Capital assets are stated at cost and depreciation is computed using the straight line method over an estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized. The Authority's capitalization policy is \$250. The following are the useful lives used for depreciation purposes:

Buildings	40 years
Building improvements	15 years
Furniture, equipment and machinery	7 years

Due From/To Other Programs

On the basic financial statements, inter-program receivables and payables listed on the FDS are eliminated.

Accrued Liabilities

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

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 position 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.

The following is a summary of changes in compensated absences for the year ended March 31, 2013:

	<i>Balance 3/31/12</i>	<i>Increases</i>	<i>Decreases</i>	<i>Balance 3/31/13</i>	<i>Due Within One Year</i>
Compensated Absences Payable	\$ 31,010	\$ -	\$ 2,863	\$ 28,147	\$ 15,479

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY
NOTES TO THE BASIS FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Deferred Revenues

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

Net Position

Net position represents the difference between assets and liabilities. Invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is recorded as restricted when there are limitations imposed on their use either by internal or external restrictions.

Operating Revenues

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

Operating Expenses

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

Capital Contributions

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. The budget is submitted, reviewed and approved by the Board of the Housing Authority and is submitted to the Department of Housing and Urban Development.

Estimates

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

2. DEPOSITS AND INVESTMENTS

Deposits

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

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

Inactive deposits are public deposits that the Authority has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to passbook accounts.

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY
NOTES TO THE BASIS FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013**

2. DEPOSITS AND INVESTMENTS – CONTINUED

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's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) by eligible securities pledged by the financial institution as security for repayment, but surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of March 31, 2013, the Authority was not exposed to custodial risk because all of the funds on deposit were covered by federal depository insurance or by collateral held by the Authority's agent. Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover the deposits.

At March 31, 2013, the carrying amount of the Authority's deposits totaled \$701,942 (includes tenant security deposits of \$19,487) and its bank balances totaled \$729,613.

The following show the Authority's deposits (bank balances) in each category:

Category 1:	\$250,000 was covered by federal depository insurance
Category 2:	\$451,942 was covered by specific collateral pledged by the financial institution in the name of the Authority.

Investments

In accordance with the Ohio Revised Code and HUD investment policy, the Authority is permitted to invest in certificates of deposit, savings accounts, money market accounts, certain highly rated commercial paper, obligations of certain political subdivision of Ohio and the United States government and its agencies, and repurchase agreements with any eligible depository or any eligible dealers. Public depositories must give security for all public funds on deposit. Repurchase agreements must be secured by the specific qualifying securities upon which the repurchase agreements are based.

The Authority is prohibited from investing in any financial instruments, contracts, or obligations whose value or return is based or linked to another asset or index, or both, separate from the financial instrument, contract, or obligation itself (commonly known as a derivative). The Authority is also prohibited from investing in reverse purchase agreements.

Interest Rate Risk – The Authority does not have a formal investment policy that limits investments as a means of managing its exposure to fair value losses arising from increasing interest rates. However, it is the Authority's practice to limit its investments to Certificate of Deposit (CD's).

Credit Risk – HUD requires specific collateral on individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation. The Authority's depository agreement specifically requires compliance with HUD requirements.

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

At March 31, 2013 the Authority had no investments.

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY
NOTES TO THE BASIS FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013**

3. CAPITAL ASSETS

The following is a summary of capital assets:

	<i>Balance 3/31/2012</i>	<i>Additions</i>	<i>Deletions/ Transfers</i>	<i>Balance 3/31/2013</i>
<i>Capital Assets, Not Being Depreciated</i>				
Land	\$ 140,680	\$ -	\$ -	\$ 140,680
<i>Total Capital Assets Not Being Depreciated</i>	<u>140,680</u>	<u>-</u>	<u>-</u>	<u>140,680</u>
<i>Capital Assets, Being Depreciated</i>				
Building and Improvements	4,838,703	55,071	18,978	4,912,752
Furniture and Equipment	263,913	1,670	(32,707)	232,876
	<u>5,102,616</u>	<u>56,741</u>	<u>(13,729)</u>	<u>5,145,628</u>
Less: Accumulated Depreciation	(3,521,731)	(148,929)	13,729	(3,656,931)
<i>Total Capital Assets Being Depreciated</i>	<u>1,580,885</u>	<u>(92,188)</u>	<u>-</u>	<u>1,488,697</u>
<i>Total Capital Assets, Net</i>	<u>\$ 1,721,565</u>	<u>\$ (92,188)</u>	<u>\$ -</u>	<u>\$ 1,629,377</u>

Accumulated Depreciation by Class:

Buildings and Improvements	\$ 3,443,661
Furniture and Equipment	213,270
<i>Total Accumulated Depreciation</i>	<u>\$ 3,656,931</u>

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 disaster. During the fiscal year ended March 31, 2013, the Authority maintained comprehensive insurance coverage with private carriers for health, real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

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

5. LONG-TERM DEBT

Harrison Metropolitan Housing Authority has the following mortgages outstanding as of March 31, 2013:

Dunfee Court - A first and second mortgage with the United States Department of Agriculture Rural Housing Service for a 12-unit project.

Original loan amount \$373,300 dated January 30, 1985. Term of the loan is 50 years with interest rate of 10.75%, discounted to 1%. Balance outstanding as of March 31, 2013 was \$169,570.

Second loan amount \$23,580 dated April 25, 1985. Term of the loan is 50 years with interest rate of 11.875%, discounted to 1%. Balance outstanding as of March 31, 2013 was \$11,426.

Gable Estate - United State Department of Agriculture Rural Housing Service loan for a 16-unit project. The amount of the loan was \$541,516 dated April 21, 1993. The term of the loan is 50 years with the interest rate of 7.75%, discounted to 1%. The outstanding balance as of March 31, 2013 was \$499,634

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY
NOTES TO THE BASIS FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013**

5. LONG-TERM DEBT - CONTINUED

Muskingum Street Duplex - Sky Bank loan to finance the mortgage of the real property located on South Muskingum Ave assumed by Huntington National Bank. The amount of the loan was \$42,930 with a 15 year term. The first 60 months bear an interest rate of 6.25%. Thereafter, the interest rate will change based on changes of the United States Treasury Securities adjusted to a constant maturity of five years as made available by the Federal Reserve Bank. The rate for March 31, 2013 was 4.46%. Balance outstanding as of March 31, 2013 was \$19,800.

The following is a summary of change in long-term debt for the year ended March 31, 2013:

<u>Description</u>	<u>Balance 3/31/2012</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 3/31/2013</u>	<u>Due Within One Year</u>
1st Mortgage Dunfee Court	\$ 177,841	\$ -	\$ 8,271	\$ 169,570	\$ 7,358
2nd Mortgage Dunfee Court	11,943	-	517	11,426	572
Gable Estate	503,607	-	3,973	499,634	4,297
Muskingum Duplex	22,222	-	2,422	19,800	2,248
Total Long-term Debt	\$ 715,613	\$ -	\$ 15,183	\$ 700,430	\$ 14,475

Debt maturities for future years are as follows:

<u>Year Ending March 31</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 14,429	\$ 6,723
2015	14,728	6,124
2016	15,034	5,818
2017	15,573	6,444
2018	17,130	6,758
2019-2023	87,344	29,873
2024-2028	97,652	24,965
2029-2033	122,917	19,569
2034-2038	108,295	13,764
2039-2044	156,445	7,470
2044-2045	50,883	628
Total	\$ 700,430	\$ 128,136

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY
NOTES TO THE BASIS FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013**

6. DEFINED BENEFIT PENSION PLAN

All full-time employees of the Authority participate in the Ohio Public Employees Retirements System (OPERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board.

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-Direct 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-Direct 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 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.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and Combined Plans. Members of the member-Direct Plan do not qualify for ancillary benefits. 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 to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2013 and 2012, member and employer rates were consistent across all three plans. The 2013 and 2012 member contribution rate was 10.0 percent for members and 14.0 percent for employers of covered payroll. The Authority's contribution for the years ended March 31, 2013, 2012, and 2011 were \$39,460, \$35,001, and \$35,672, respectively. All required contributions have been made through March 31, 2013.

7. POST-EMPLOYMENT BENEFITS

The Public Employees Retirement System of Ohio (OPERS) administers three separate pension plans: The Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the member-Direct Plan – a defined contribution plan; and the Combined Plan – a cost-sharing, multiple-employer defined 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 (800) 222-7377.

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY
NOTES TO THE BASIS FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013**

7. POST-EMPLOYMENT BENEFITS - CONTINUED

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, the Authority contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0 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. For 2012, the employer contribution allocated to the health care plan was 4.0 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 year ended March 31, 2013, which were used to fund post-employment benefits, were \$11,274.

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, 2007, and 2008 which will allow additional funds to be allocated to the health care plan.

8. FDS SCHEDULE SUBMITTED TO HUD

For the fiscal year ended March 31, 2013, the Authority electronically submitted an unaudited version of the balance sheet, statement of revenues, expenses and changes in net asset and other data to HUD REAC as required on the GAAP basis.

9. RESTRICTED NET POSITION

For the fiscal year ended March 31, 2013, the Authority had \$9,712 in its HAP reserves for the Section 8 program.

10. CONTINGENCIES

Grants

Amounts grantor agencies pay to the Authority are subject to audit and adjustments 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 March 31, 2013.

Litigation

In the normal course of operations, the Authority may be subject to litigations and claims. At March 31, 2013, the Authority was not aware of any such matters.

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY
NOTES TO THE BASIS FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013**

11. PLEDGED ESCROW RECEIVABLE

On June 15, 2010 the Authority signed a guarantee agreement to Bingham Terrace Preservation LP, an Ohio Limited Partnership, and Huntington Ohio ARRA fund LLC, an Ohio Limited Liability Company. The authority is an affiliate of the General Partner of the Partnership, owner of a low-income housing project to be constructed by the partnership. The obligation of the Authority under the agreement is a pledge of \$500,000, which will be paid as follows:

Year Ending		
March 31		
2014	\$	125,000
2019		125,000
2026		250,000
Total Pledged		500,000
Current		125,000
Long-term	\$	375,000

12. SUBSEQUENT EVENT

There were no subsequent events noted through the date of the report, the date the financial statements were available to be issued. Any subsequent events after that date have not been evaluated.

Supplemental Information

HARRISON METROPOLITAN HOUSING AUTHORITY
FDS SCHEDULE SUBMITTED TO REAC
PROPRIETARY FUND TYPE - ENTERPRISE FUND
March 31, 2013

Description	Project Total CF and PH	Housing Choice Vouchers 14.871	State and Local	10.415 Rural Development	Total Before Elimination	Elim.	Total
111 Cash - Unrestricted	66,996	41,259	430,588	92,209	631,052	-	631,052
112 Cash - Restricted - Modernization and Development	-	-	-	-	-	-	-
113 Cash - Other Restricted	-	9,712	-	-	9,712	-	9,712
114 Cash - Tenant Security Deposits	10,701	-	450	8,336	19,487	-	19,487
115 Cash - Restricted for Payment of Current Liabilities	-	-	41,691	-	41,691	-	41,691
100 Total Cash	77,697	50,971	472,729	100,545	701,942	-	701,942
121 Accounts Receivable - PHA Projects	-	-	-	-	-	-	-
122 Accounts Receivable - HUD Other Projects	-	-	-	-	-	-	-
124 Accounts Receivable - Other Government	-	-	-	-	-	-	-
124 Accounts Receivable - HUD	-	-	-	-	-	-	-
125 Accounts Receivable - Miscellaneous	-	-	58,645	-	58,645	-	58,645
126 Accounts Receivable - Tenants	1,916	-	-	-	1,916	-	1,916
126.1 Allowance for Doubtful Accounts - Tenants	(239)	-	-	-	(239)	-	(239)
126.2 Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-
127 Notes, Loans, & Mortgages Receivable - Current	-	-	125,000	-	125,000	-	125,000
128 Fraud Recovery	-	4,029	-	-	4,029	-	4,029
128.1 Allowance for Doubtful Accounts - Fraud	-	(604)	-	-	(604)	-	(604)
129 Accrued Interest Receivable	-	-	-	-	-	-	-
120 Total Receivables, Net of Allowances for Doubtful Accounts	1,677	3,425	183,645	-	188,747	-	188,747
131 Investments - Unrestricted	-	-	-	-	-	-	-
132 Investments - Restricted	-	-	-	-	-	-	-
135 Investments - Restricted for Payment of Current Liability	-	-	-	-	-	-	-
142 Prepaid Expenses and Other Assets	19,390	4,190	653	3,194	27,427	-	27,427
143 Inventories	-	-	-	-	-	-	-
143.1 Allowance for Obsolete Inventories	-	-	-	-	-	-	-
144 Inter Program Due From	23,946	49,457	204,182	-	277,585	(277,585)	-
145 Assets Held for Sale	-	-	-	-	-	-	-
150 Total Current Assets	122,710	108,043	861,209	103,739	1,195,701	(277,585)	918,116
161 Land	75,202	-	3,500	61,978	140,680	-	140,680
162 Buildings	3,788,062	-	61,393	1,063,297	4,912,752	-	4,912,752
163 Furniture, Equipment & Machinery - Dwellings	52,975	-	-	11,800	64,775	-	64,775
164 Furniture, Equipment & Machinery - Administration	167,780	-	-	321	168,101	-	168,101
165 Leasehold Improvements	-	-	-	-	-	-	-
166 Accumulated Depreciation	(3,017,758)	-	(21,023)	(618,150)	(3,656,931)	-	(3,656,931)
167 Construction in Progress	-	-	-	-	-	-	-

HARRISON METROPOLITAN HOUSING AUTHORITY
FDS SCHEDULE SUBMITTED TO REAC
PROPRIETARY FUND TYPE - ENTERPRISE FUND
March 31, 2013

Description	Project Total CF and PH	Housing Choice Vouchers 14.871	State and Local	10.415 Rural Development	Total Before Elimination	Elim.	Total
168 Infrastructure	-	-	-	-	-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	1,066,261	-	43,870	519,246	1,629,377	-	1,629,377
171 Notes, Loans and Mortgages Receivable - Non-Current	-	-	375,000	-	375,000	-	375,000
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	-	-	-	-	-	-	-
173 Grants Receivable - Non Current	-	-	-	-	-	-	-
174 Other Assets	-	-	-	-	-	-	-
176 Investments in Joint Ventures	-	-	-	-	-	-	-
180 Total Non-Current Assets	1,066,261	-	418,870	519,246	2,004,377	-	2,004,377
190 Total Assets	1,188,971	108,043	1,280,079	622,985	3,200,078	(277,585)	2,922,493
311 Bank Overdraft	-	-	-	-	-	-	-
312 Accounts Payable <= 90 Days	-	-	33,319	-	33,319	-	33,319
313 Accounts Payable >90 Days Past Due	-	401	-	-	401	-	401
321 Accrued Wage/Payroll Taxes Payable	-	-	8,372	-	8,372	-	8,372
322 Accrued Compensated Absences - Current Portion	5,126	7,581	498	2,274	15,479	-	15,479
324 Accrued Contingency Liability	-	-	-	-	-	-	-
325 Accrued Interest Payable	-	-	-	-	-	-	-
331 Accounts Payable - HUD PHA Programs	-	-	-	-	-	-	-
332 Account Payable - PHA Projects	-	-	-	-	-	-	-
333 Accounts Payable - Other Government	-	-	-	-	-	-	-
341 Tenant Security Deposits	10,701	-	450	8,336	19,487	-	19,487
342 Deferred Revenues	93	-	-	-	93	-	93
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	-	-	2,248	12,227	14,475	-	14,475
344 Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-	-	-
345 Other Current Liabilities	-	-	-	-	-	-	-
346 Accrued Liabilities - Other	9,563	-	-	-	9,563	-	9,563
347 Inter Program - Due To	-	-	175,851	101,734	277,585	(277,585)	-
348 Loan Liability - Current	-	-	-	-	-	-	-
310 Total Current Liabilities	25,483	7,982	220,738	124,571	378,774	(277,585)	101,189
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	17,552	668,403	685,955	-	685,955
352 Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-	-	-	-
353 Non-current Liabilities - Other	-	-	-	-	-	-	-
354 Accrued Compensated Absences - Non Current	2,013	8,479	28	2,148	12,668	-	12,668
355 Loan Liability - Non Current	-	-	-	-	-	-	-

HARRISON METROPOLITAN HOUSING AUTHORITY
FDS SCHEDULE SUBMITTED TO REAC
PROPRIETARY FUND TYPE - ENTERPRISE FUND
March 31, 2013

Description	Project Total CF and PH	Housing Choice Vouchers 14.871	State and Local	10.415 Rural Development	Total Before Elimination	Elim.	Total
356 FASB 5 Liabilities	-	-	-	-	-	-	-
357 Accrued Pension and OPEB Liabilities	-	-	-	-	-	-	-
350 Total Non-Current Liabilities	2,013	8,479	17,580	670,551	698,623	-	698,623
300 Total Liabilities	27,496	16,461	238,318	795,122	1,077,397	(277,585)	799,812
508.1 Invested In Capital Assets, Net of Related Debt	1,066,261	-	24,070	(161,384)	928,947	-	928,947
509.2 Fund Balance Reserved	-	-	-	-	-	-	-
511.2 Unreserved, Designated Fund Balance	-	-	-	-	-	-	-
511.1 Restricted Net Assets	-	9,712	-	-	9,712	-	9,712
512.1 Unrestricted Net Assets	95,214	81,870	1,017,691	(10,753)	1,184,022	-	1,184,022
512.2 Unreserved, Undesignated Fund Balance	-	-	-	-	-	-	-
513 Total Equity/Net Assets	1,161,475	91,582	1,041,761	(172,137)	2,122,681	-	2,122,681
600 Total Liabilities and Equity/Net Assets	1,188,971	108,043	1,280,079	622,985	3,200,078	(277,585)	2,922,493
70300 Net Tenant Rental Revenue	144,838	-	9,719	75,383	229,940	-	229,940
70400 Tenant Revenue - Other	3,486	-	-	1,243	4,729	-	4,729
70500 Total Tenant Revenue	148,324	-	9,719	76,626	234,669	-	234,669
70600 HUD PHA Operating Grants	50,705	746,643	-	41,548	838,896	-	838,896
70610 Capital Grants	56,744	-	-	-	56,744	-	56,744
70710 Management Fee	-	-	-	-	-	-	-
70720 Asset Management Fee	-	-	-	-	-	-	-
70730 Book Keeping Fee	-	-	-	-	-	-	-
70740 Front Line Service Fee	-	-	-	-	-	-	-
70750 Other Fees	-	-	-	-	-	-	-
70700 Total Fee Revenue	-	-	-	-	-	-	-
70800 Other Government Grants	-	-	-	-	-	-	-
71100 Investment Income - Unrestricted	90	-	113	8	211	-	211
71200 Mortgage Interest Income	-	-	-	-	-	-	-
71300 Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	-	-
71310 Cost of Sale of Assets	-	-	-	-	-	-	-
71400 Fraud Recovery- HAP (\$2,182) (Admin (\$2,182))	-	4,364	-	-	4,364	-	4,364
71500 Other Revenue	-	375	315,580	140	316,095	-	316,095
71600 Gain or Loss on Sale of Capital Assets	-	-	-	-	-	-	-

HARRISON METROPOLITAN HOUSING AUTHORITY
FDS SCHEDULE SUBMITTED TO REAC
PROPRIETARY FUND TYPE - ENTERPRISE FUND
March 31, 2013

Description	Project Total CF and PH	Housing Choice Vouchers 14.871	State and Local	10.415 Rural Development	Total Before Elimination	Elim.	Total
72000 Investment Income - Restricted	-	-	-	-	-	-	-
70000 Total Revenue	255,863	751,382	325,412	118,322	1,450,979	-	1,450,979
91100 Administrative Salaries	51,600	57,179	187	32,882	141,848	-	141,848
91200 Auditing Fees	2,813	14,900	113	4,579	22,405	-	22,405
91300 Management Fee	-	-	-	-	-	-	-
91310 Book-keeping Fee	-	-	-	-	-	-	-
91400 Advertising and Marketing	-	-	-	139	139	-	139
91500 Employee Benefit contributions - Administrative	11,548	13,934	64	7,839	33,385	-	33,385
91600 Office Expenses	1,833	-	145	2,676	4,654	-	4,654
91700 Legal Expense	935	-	-	58	993	-	993
91800 Travel	385	1,292	-	2,410	4,087	-	4,087
91810 Allocated Overhead	49,204	-	-	-	49,204	-	49,204
91900 Other	9,506	32,354	281	18,124	60,265	-	60,265
91000 Total Operating - Administrative	127,824	119,659	790	68,707	316,980	-	316,980
92000 Asset Management Fee	-	-	-	-	-	-	-
92100 Tenant Services - Salaries	-	-	-	-	-	-	-
92200 Relocation Costs	-	-	-	-	-	-	-
92300 Employee Benefit Contributions - Tenant Services	-	-	-	-	-	-	-
92400 Tenant Services - Other	981	-	-	-	981	-	981
92500 Total Tenant Services	981	-	-	-	981	-	981
93100 Water	8,809	133	128	16,981	26,051	-	26,051
93200 Electricity	42,087	802	58	5,088	48,035	-	48,035
93300 Gas	48	255	173	631	1,107	-	1,107
93400 Fuel	-	-	-	-	-	-	-
93500 Labor	-	-	-	-	-	-	-
93600 Sewer	-	-	-	-	-	-	-
93700 Employee Benefit Contributions - Utilities	-	-	-	-	-	-	-
93800 Other Utilities Expense	300	-	-	150	450	-	450
93000 Total Utilities	51,244	1,190	359	22,850	75,643	-	75,643
94100 Ordinary Maintenance and Operations - Labor	46,494	7,209	35	15,421	69,159	-	69,159
94200 Ordinary Maintenance and Operations - Materials and Other	20,778	3,745	23,422	19,315	67,260	-	67,260
94300 Ordinary Maintenance and Operations Contracts	6,809	99	55	5,463	12,426	-	12,426
94500 Employee Benefit Contributions - Ordinary Maintenance	19,752	2,251	26	6,675	28,704	-	28,704
94000 Total Maintenance	93,833	13,304	1,247	46,874	177,549	-	177,549

HARRISON METROPOLITAN HOUSING AUTHORITY
FDS SCHEDULE SUBMITTED TO REAC
PROPRIETARY FUND TYPE - ENTERPRISE FUND
March 31, 2013

Description	Project Total CF and PH	Housing Choice Vouchers 14.871	State and Local	10.415 Rural Development	Total Before Elimination	Elim.	Total
95100 Protective Services - Labor	-	-	-	-	-	-	-
95200 Protective Services - Other Contract Costs	-	-	-	-	-	-	-
95300 Protective Services - Other	-	-	-	-	-	-	-
95500 Employee Benefit Contributions - Protective Services	-	-	-	-	-	-	-
95000 Total Protective Services	-	-	-	-	-	-	-
96110 Property Insurance	18,288	-	1,919	7,626	27,833	-	27,833
96120 Liability Insurance	-	-	-	-	-	-	-
96130 Workmen's Compensation	-	-	-	-	-	-	-
96140 All Other Insurance	1,843	1,434	11	65	3,353	-	3,353
96100 Total insurance Premiums	20,131	1,434	1,930	7,691	31,186	-	31,186
96210 Compensated Absences	(368)	1,978	(8,894)	4,422	(2,862)	-	(2,862)
96300 Payments in Lieu of Taxes/Real Estate Taxes	9,563	-	-	-	9,563	-	9,563
96400 Bad debt - Tenant Rents	6,109	-	-	-	6,109	-	6,109
96500 Bad debt - Mortgages	-	-	-	-	-	-	-
96600 Bad debt - Other	2,292	354	-	-	2,646	-	2,646
96800 Severance Expense	-	-	-	-	-	-	-
96000 Total Other General Expenses	17,596	2,332	(8,894)	4,422	15,456	-	15,456
96710 Interest of Mortgage (or Bonds) Payable	-	-	957	15,743	16,700	-	16,700
96720 Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-	-
96730 Amortization of Bond Issue Costs	-	-	-	-	-	-	-
96700 Total Interest Expense and Amortization Cost	-	-	957	15,743	16,700	-	16,700
96900 Total Operating Expenses	311,609	137,919	(3,611)	166,287	634,495	-	634,495
97000 Excess of Operating Revenue over Operating Expenses	(55,746)	613,463	329,023	(47,965)	816,484	-	816,484
97100 Extraordinary Maintenance	-	-	-	-	-	-	-
97200 Casualty Losses - Non-capitalized	-	-	-	-	-	-	-
97300 Housing Assistance Payments	-	676,138	-	-	676,138	-	676,138
97350 HAP Portability-In	-	-	-	-	-	-	-
97400 Depreciation Expense	117,820	-	2,112	28,998	148,930	-	148,930
97500 Fraud Losses	-	-	-	-	-	-	-
97600 Capital Outlays - Governmental Funds	-	-	-	-	-	-	-
97700 Debt Principal Payment - Governmental Funds	-	-	-	-	-	-	-

HARRISON METROPOLITAN HOUSING AUTHORITY
FDS SCHEDULE SUBMITTED TO REAC
PROPRIETARY FUND TYPE - ENTERPRISE FUND
March 31, 2013

Description	Project Total CF and PH	Housing Choice Vouchers 14.871	State and Local	10.415 Rural Development	Total Before Elimination	Elim.	Total
97800 Dwelling Units Rent Expense	-	-	-	-	-	-	-
90000 Total Expenses	429,429	814,057	(1,499)	195,285	1,459,563	-	1,459,563
10010 Operating Transfer In	-	-	-	-	-	-	-
10020 Operating transfer Out	-	-	-	-	-	-	-
10030 Operating Transfers from/to Primary Government	-	-	-	-	-	-	-
10040 Operating Transfers from/to Component Unit	-	-	-	-	-	-	-
10050 Proceeds from Notes, Loans and Bonds	-	-	-	-	-	-	-
10060 Proceeds from Property Sales	-	-	-	-	-	-	-
10070 Extraordinary Items, Net Gain/Loss	-	-	-	-	-	-	-
10080 Special Items (Net Gain/Loss)	-	-	-	-	-	-	-
10091 Inter Project Excess Cash Transfer In	-	-	-	-	-	-	-
10092 Inter Project Excess Cash Transfer Out	-	-	-	-	-	-	-
10093 Transfers between Program and Project - In	-	-	-	-	-	-	-
10094 Transfers between Project and Program - Out	-	-	-	-	-	-	-
10100 Total Other financing Sources (Uses)	-	-	-	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(173,566)	(62,675)	326,911	(76,963)	(8,584)	-	(8,584)
11020 Required Annual Debt Principal Payments	-	-	-	-	-	-	-
11030 Beginning Equity	1,335,041	154,257	737,141	(95,174)	2,131,265	-	2,131,265
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	-	-	-
11050 Changes in Compensated Absence Balance	-	-	-	-	-	-	-
11060 Changes in Contingent Liability Balance	-	-	-	-	-	-	-
11070 Changes in Unrecognized Pension Transition Liability	-	-	-	-	-	-	-
11080 Changes in Special Term/Severance Benefits Liability	-	-	-	-	-	-	-
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents	-	-	-	-	-	-	-
11100 Changes in Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-
XXXXX Ending Equity	1,161,475	91,582	1,041,761	(172,137)	2,122,681	-	2,122,681
11170 Administrative Fee Equity	-	81,870	-	-	81,870	-	81,870
11180 Housing Assistance Payments Equity	-	9,712	-	-	9,712	-	9,712
11190 Unit Months Available	600	3,180	24	336	4,140	-	4,140
11210 Number of Unit Months Leased	587	2,664	21	335	3,607	-	3,607
11270 Excess Cash	54,750	-	-	-	54,750	-	54,750
11610 Land Purchases	-	-	-	-	-	-	-
11620 Building Purchases	55,073	-	-	-	55,073	-	55,073

HARRISON METROPOLITAN HOUSING AUTHORITY
FDS SCHEDULE SUBMITTED TO REAC
PROPRIETARY FUND TYPE - ENTERPRISE FUND
March 31, 2013

Description	Project Total CF and PH	Housing Choice Vouchers 14.871	State and Local	10.415 Rural Development	Total Before Elimination	Elim.	Total
11630 Furniture & Equipment - Dwelling Purchases	1,670	-	-	-	1,670	-	1,670
11640 Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-	-
11650 Leasehold Improvements Purchases	-	-	-	-	-	-	-
11660 Infrastructure Purchases	-	-	-	-	-	-	-
13510 CFFP Debt Service Payments	-	-	-	-	-	-	-
13901 Replacement Housing Factor Funds	-	-	-	-	-	-	-
B/S in Balance	-	(0)	-	0	(0)	-	(0)
N/A in Balance	(0)	-	-	0	0	-	0
Inv in F/A net of Debt in Balance	-	-	-	0	0	-	0
Restricted N/A in Balance	-	-	-	-	-	-	-

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY
ACTUAL MODERNIZATION COST CERTIFICATE
FOR THE YEAR ENDED MARCH 31, 2013**

Modernization Project Number : OH12S067501-09

Original Funds Approved:	\$	77,974
Funds Disbursed:	\$	77,974
Funds Expended (Actual Modernization Cost):	\$	77,974
Amount to be Recaptured:		Not Applicable
Excess of Funds Disbursed:		Not Applicable

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2013**

FEDERAL GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL EXPENDITURES
<i><u>DIRECT FROM U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u></i>		
Low Rent Public Housing	14.850a	\$ 16,142
Public Housing Capital Fund Program	14.872	91,307
Housing Choice Vouchers	14.871	<u>746,643</u>
Total U.S.Department of Housing and Urban Development		<u>854,092</u>
<i><u>DIRECT FROM U.S. DEPARTMENT OF AGRICULTURE - RURAL HOUSING SERVICE:</u></i>		
Rural Rental Housing Loan	10.415	<u>41,548</u>
Total U.S. Department of Agriculture - Rural Housing Service		<u>41,548</u>
TOTAL - FEDERAL AWARDS EXPENDITURES		<u><u>\$ 895,640</u></u>

The accompanying notes to this schedule are an integral part of this schedule

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY
NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures, the “schedule,” is a summary of the activity of the Authority’s federal award programs. The schedule has been prepared on the cash basis of accounting. Consequently, certain revenues are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is incurred.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

September 17, 2013

Harrison Metropolitan Housing Authority
Harrison County
P.O. Box 146
82450 Cadiz-Jewett Rd.
Cadiz, OH 43907

To the Board of Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the business-type activities of the **Harrison Metropolitan Housing Authority**, Harrison County, (the Authority) as of and for the year ended March 31, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated September 17, 2013.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Authority's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Authority's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining 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*.

Harrison Metropolitan Housing Authority
Harrison County
Independent Auditor's Report on Internal Control
Over Financial Reporting and on Compliance and
Other Matters Required by *Government Auditing Standards*
Page 2

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

September 17, 2013

Harrison Metropolitan Housing Authority
Harrison County
P.O. Box 146
82450 Cadiz-Jewett Rd.
Cadiz, OH 43907

To the Board of Commissioners:

Report on Compliance for Each Major Federal Program

We have audited the **Harrison Metropolitan Housing Authority's** (the Authority) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Harrison Metropolitan Authority's major federal program for the year ended March 31, 2013. The *Summary of Auditor's Results* in the accompanying schedule of audit findings identifies the Authority's major federal program.

Management's Responsibility

The Authority's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the Authority's compliance for each of the Authority's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Authority's major program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on the Major Federal Program

In our opinion, the Harrison Metropolitan Housing Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended March 31, 2013.

Report on Internal Control Over Compliance

The Authority's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Authority's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the 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, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY
FOR THE YEAR ENDED MARCH 31, 2013**

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

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses 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	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	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?	No

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY
FOR THE YEAR ENDED MARCH 31, 2013**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	Improper Expenditures	Yes	N/A
2012-002	Board Monitoring/Bank Reconciliations	Yes	N/A
2012-003	Tax Penalties	Yes	N/A
2012-004	Policies and Procedures	Yes	N/A
2012-005	Filing Single Audit within nine months after year end	Yes	N/A



Dave Yost • Auditor of State

HARRISON METROPOLITAN HOUSING AUTHORITY

HARRISON COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 3, 2013**