

Allen Metropolitan Housing Authority

Financial Statements

For the Year Ended June 30, 2011





# Dave Yost • Auditor of State

Board of Directors  
Allen Metropolitan Housing Authority  
600 South Main Street  
Lima, Ohio 45804

We have reviewed the *Independent Auditor's Report* of the Allen Metropolitan Housing Authority, Allen 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 Allen 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

March 28, 2012

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

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## Independent Auditors' Report

Board of Commissioners  
Allen Metropolitan Housing Authority

I have audited the accompanying financial statements of the business-type activities of Allen 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 Allen Metropolitan Housing Authority, Ohio's, management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

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

In accordance with *Government Auditing Standards*, I have also issued a report dated December 19, 2011, on my consideration of Allen Metropolitan Housing Authority, Ohio's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of my audit.

The Management's Discussion and Analysis is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. 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 financial statements that collectively comprise the Allen Metropolitan Housing Authority basic financial statements. The accompanying Schedule of Expenditure of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government and Non-Profit Organizations* and is not a required part of the financial statements. The FDS Schedule Submitted to REAC is presented for purposes additional analysis as required by the Department of Housing and Urban Development and is not a required part of the 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 respects in relation to the basic financial statements taken as a whole.

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Salvatore Consiglio, CPA, Inc.  
December 19, 2011



ALLEN METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2011

Unaudited

The following discussion and analysis of the Allen Metropolitan Housing Authority (the "Authority") is to provide an introduction to the basic financial statements for the fiscal year ended June 30, 2011 with selected comparative information for the fiscal year ended June 30, 2010. This discussion has been prepared by management and should be read in conjunction with the financial statements, notes to the financial statements, and supplementary information found in the report. This information taken collectively is designed to provide readers with an understanding of the Authority's finances.

FINANCIAL HIGHLIGHTS

- The assets of the Authority exceeded its liabilities at the close of fiscal year 2011 by \$11,848,552 (net assets). Of this amount, \$3,413,559 (unrestricted net assets) may be used to meet the Authority's ongoing obligations to citizens and creditors.
- Capital assets decreased by \$454,430.
- Net assets decreased by \$440,512 for the fiscal year ended June 30, 2011.
- Operating revenues increased \$1,000,182 primarily due to an increase in HUD operating grant subsidies. The Homeless Prevention and Rapid Re-housing monies were additional funds for this year.
- Operating expenses increased by \$1,091,493 due to increases in leasing, tenant services, utilities and maintenance. All the expenses are tenant related.
- The capital contributions decreased \$21,127 due to less capital fund monies received during the year, the capital funds will fluctuate from year to year.
- Non-operating revenue decreased by \$6,730 due to the continuing lowering of interest rates paid by the banks.

ALLEN METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2011

Unaudited

USING THIS ANNUAL REPORT

The following graphic outlines the format of this report:

MD&A ~ Management Discussion and Analysis ~
Basic Financial Statements ~ Authority-wide Financial Statements ~ ~ Fund Financial Statement ~ ~ Notes to Financial Statements ~
Other Required Supplementary Information ~ Required Supplementary Information (other than MD&A) ~

The focus is on both the Authority as a whole (authority-wide) and the major individual funds. Both perspectives (authority-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or Authority to Authority) and enhance the Authority's accountability.

#### Authority-Wide Financial Statements

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

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

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

ALLEN METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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Net Assets, Invested in Capital Assets, Net of Related Debt: This component of Net Assets consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets: This component of Net Assets consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Assets: Consists of Net Assets that do not meet the definition of "Net Assets Invested in Capital Assets, Net of Related Debt", or "Restricted Net Assets". This account resembles the old operating reserves account.

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

The focus of the Statement of Revenues, Expenses and Changes in Fund Net Assets is the "Change in Net Assets", which is similar to Net Income or Loss.

Finally, a Statement of Cash Flows is included, which discloses net cash provided by, or used by operating activities, non-capital financing activities, and from capital and related financing activities.

#### Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is now on Major Funds, rather than fund types. The Authority consists exclusively of 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.

The Department of Housing and Urban Development requires the funds be maintained by the Authority.

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JUNE 30, 2011

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Business Type Funds:

Public Housing Program (PH) – Under the Public Housing Program, the Authority rents units that it owns to low-income households. The 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 Public Housing Program also includes the Capital Funds Program, which is the primary funding source for physical and management improvements to the Authority's properties.

Capital Fund Program (CFP) - The capital fund program provides funds annually, via a formula, to Public Housing Agencies for capital and management activities, including modernization and development housing.

Housing Choice Voucher Program (HCVP) – 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 the 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.

Formula Stimulus Grant – The Authority received funding through the American Recovery and Reinvestment Act as part of the Capital Fund Program. These funds were for physical improvements of the Authority's properties.

Homeless Prevention and Rapid Re-housing Program (HPRP) – Funding received from the City of Lima used to provide homelessness prevention assistance to households who would otherwise become homeless.

Shelter Plus Care –The funding received from the Department of Housing and Urban Development for this program is designed to link rental assistance to supportive services for hard-to-serve homeless persons with disabilities and their families if they are also homeless.

Section 8 New Construction – Single Room Only – The Authority administers Section 8 rental assistance programs where the department of Housing and Urban Development (HUD) enters into annual contribution contract with a private owner. The owner rents housing to eligible low-income individuals who typically pay rent of 30 percent of adjusted gross income. The remaining portion of the rent for the unit is paid to the owner by HUD through the HAP contract. The Authority earns an administration fee for these services rendered.

ALLEN METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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Authority Activity Highlights

Revenues and Expenses

The following is a summary of the results of operations of the Authority for the fiscal years ended June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Operating revenues	\$ 7,714,267	\$ 6,714,085
Operating expenses	<u>8,425,976</u>	<u>7,334,483</u>
Operating income (loss)	(711,709)	(620,398)
 Non-operating Revenue	 10,043	 16,773
 Capital contributions	 <u>261,154</u>	 <u>282,281</u>
Change in net assets	(440,512)	(321,344)
 Total Net Assets- Beginning of year	 <u>12,289,064</u>	 <u>12,610,408</u>
 Total Net Assets- End of year	 <u>\$ 11,848,552</u>	 <u>\$ 12,289,064</u>

Housing Units Managed

The following table shows housing units managed by the Authority for the fiscal years ended June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Owned by Authority	247	247
Unites under vouchers	1,041	1,041
Units under NC SR	<u>63</u>	<u>63</u>
Total Housing Unites Managed	<u>1,351</u>	<u>1,351</u>

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Unaudited

Changes in Capital Assets

Total capital assets decreased from the previous year by \$454,430. The decrease is a result of capital asset additions during the year and depreciation expense. The following table shows how this amount is calculated for the fiscal years ended June 30, 2011 and 2010:

	2011	2010
Capital assets	\$20,892,794	\$20,574,091
Accumulated depreciation	<u>(12,931,387)</u>	<u>(12,158,254)</u>
Total capital assets, net	<u>\$ 7,961,407</u>	<u>\$ 8,415,837</u>

Beginning capital assets	\$	8,415,837
Capital Fund additions		318,703
Depreciation expense		<u>(773,133)</u>
Ending Capital Assets	\$	<u><u>7,961,407</u></u>

Financial Position

The statement of net assets presents the financial position of the Authority at the end of the fiscal year. The statement includes all assets and liabilities of the Authority. Net assets are the difference between total assets and total liabilities and are an indicator of the current fiscal health of the Authority. The following is a summarized comparison of the Authority's assets, liabilities, and net assets at June 30, 2011 and 2010:

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2011

Unaudited

	2011	2010
Assets:		
Current assets	\$ 4,082,779	\$ 4,148,001
Capital assets	7,961,407	8,415,837
Other assets	32,313	44,297
Total Assets	\$ 12,076,499	\$ 12,608,135
Liabilities:		
Current liabilities	\$ 150,566	\$ 251,579
Long-term liabilities	77,381	67,492
Total Liabilities	227,947	319,071
Net Assets:		
Invested in capital assets, net of related debt	7,961,407	8,415,837
Restricted - HAP	473,586	694,068
Unrestricted	3,413,559	3,179,159
Total Net Assets	\$ 11,848,552	\$ 12,289,064

Capital assets are the largest asset reflected on the Authority's statement of net assets. The following is a summary of capital assets owned by the Authority at June 30, 2011:

Land	\$ 931,495
Building and improvements	19,314,336
Furniture and equipment	646,963
	20,892,794
Less: accumulated depreciation	(12,931,387)
Capital assets, net	\$ 7,961,407

The significant change in current assets is a decrease in cash of \$47,147, due to a decrease in the restricted cash and cash equivalents value. At fiscal yearend we had an decrease in net restricted assets due to using up more of the HAP carryover from the previous fiscal year.

Current liabilities were lower as a result of a decrease over last fiscal year in accounts payable, accrued payroll and taxes, accrued compensated absences, and deferred revenue.

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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Economic Factors

Currently, both the AMHA Housing Choice Voucher Program and the Public Housing Program are leased at 97%-100%. Tenants are paying less rent due to a 9.6% unemployment rate in the area. Additionally, in 2011, 19% of Lima households brought in less than \$25,000. Also, according to the 8/11 Analysis of Impediments to Fair Housing for Allen County, 25.5% of Lima's families live in poverty. Foreclosure rates remain high and economic growth is progressing very slowly. Our waiting list for the Housing Choice Voucher Program remains closed again this year, and the demand for our services is constant.

AMHA managed its budget responsibly, ethically, and soundly in the past and continues to do so now. This past year, we even received an award from the Ohio Auditor of State for doing so. We continue to cut expenses where we can and be good stewards of the funds we are given. AMHA continues to be a High Performer under SEMAP, and despite horrible looming budget cuts from HUD for Public Housing, we are continuing to do well with that program, too.

Requests for Information

The annual financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any information provided in this report or requests for additional information should be addressed to Anna Schnippel, Executive Director, Allen Metropolitan Housing Authority.



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

**ASSETS**

**Current assets**

Cash and cash equivalents	\$3,291,818
Restricted Cash	605,241
Receivables, net	108,144
Inventories, net	53,314
Prepaid expenses and other assets	24,262
<b>Total current assets</b>	<b><u>4,082,779</u></b>

**Noncurrent assets**

Capital assets:

Land	931,495
Building and equipment	19,961,299
Less accumulated depreciation	(12,931,387)
<b>Total capital assets, net</b>	<b><u>7,961,407</u></b>

Mortgages Receivable - Non-Current	32,313
<b>Total assets</b>	<b><u><u>\$12,076,499</u></u></b>

**LIABILITIES**

**Current liabilities**

Accounts payable	\$13,081
Accrued liabilities	76,370
Tenant security deposits	61,115
<b>Total current liabilities</b>	<b><u>150,566</u></b>

**Noncurrent liabilities**

Bonds, notes, and loans payable	
Other Non-current Liabilities	70,540
Accrued compensated absences non-current	6,841
<b>Total noncurrent liabilities</b>	<b><u>77,381</u></b>
<b>Total liabilities</b>	<b><u><u>\$227,947</u></u></b>

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

**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2011**

**NET ASSETS**

Invested in capital assets, net of related debt	\$7,961,407
Restricted net assets	473,586
Unrestricted net assets	3,413,559
<b>Total net assets</b>	<b><u><u>\$11,848,552</u></u></b>

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

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

**OPERATING REVENUES**

Tenant Revenue	\$266,534
Government operating grants	7,254,854
Other revenue	192,879
<b>Total operating revenues</b>	<b><u>7,714,267</u></b>

**OPERATING EXPENSES**

Administrative	1,086,215
Tenant services	171,661
Utilities	178,207
Maintenance	677,028
General	146,177
Housing assistance payment	5,393,555
Depreciation	773,133
<b>Total operating expenses</b>	<b><u>8,425,976</u></b>
<b>Operating income (loss)</b>	<b><u>(711,709)</u></b>

**NONOPERATING REVENUES (EXPENSES)**

Interest and investment revenue	10,043
<b>Total nonoperating revenues (expenses)</b>	<b><u>10,043</u></b>
Income (loss) before contributions and transfers	(701,666)

**CAPITAL REVENUE**

Capital grants	261,154
Change in net assets	(440,512)
Total net assets - beginning	12,289,064
<b>Total net assets - ending</b>	<b><u><u>\$11,848,552</u></u></b>

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

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

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating grants received	\$7,271,457
Tenant revenue received	255,113
Other revenue received	192,879
General and administrative expenses paid	(2,325,535)
Housing assistance payments	<u>(5,393,555)</u>
Net cash provided (used) by operating activities	<u>359</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest earned received	<u>10,043</u>
Net cash provided (used) by investing activities	<u>10,043</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES</b>	
Capital grant funds received	261,154
Property and equipment purchased	<u>(318,703)</u>
Net cash provided (used) by financing activities	<u>(57,549)</u>
Net increase (decrease) in cash	(47,147)
Cash and cash equivalents - Beginning of year	<u>3,944,206</u>
Cash and cash equivalents - End of year	<u>\$3,897,059</u>

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

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

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

Net Operating Income (Loss)	(\$711,709)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities	
- Depreciation	773,133
- (Increases) Decreases in Accounts Receivable	17,166
- (Increases) Decreases in Inventory	8,430
- (Increases) Decreases in Prepaid Assets	4,463
- Increases (Decreases) in Accounts Payable	(14,215)
- Increases (Decreases) in Accounts Payable - Intergovernmental	(4,048)
- Increases (Decreases) in Accrued Expenses Payable	(3,638)
- Increases (Decreases) in Deferred Revenue	(87,466)
- Increases (Decreases) in Tenant Security Deposits	8,354
- Increases (Decreases) in Other Liabilities	11,927
- Increases (Decreases) in Compensated Leave Payable	(2,038)
	\$359
Net cash provided by operating activities	\$359

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

**Allen Metropolitan Housing Authority**  
**Notes to the Basic Financial Statements**  
**Fiscal Year Ended June 30, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Summary of Significant Accounting Policies**

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

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements – Management’s Discussion and Analysis – for State and Local Governments. Certain of the significant changes in the Statement include the following:

- The financial statements include:
  - A Management Discussion and Analysis (MD&A) section providing analysis of the Authority’s overall financial position and results of operations.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The Authority elected to implement the provisions of the Statement for the year ended June 30, 2004.

**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 financial statements comply with the provisions of Governmental Accounting Standards Board (“GASB”) Statement No. 14, *The Financial Reporting Entity*, and Statement No. 39, *Determining Whether Certain Organizations are Component Units*, in that the financial statements include all organizations, activities, and functions for which the Authority is financially accountable. Financial accountability is defined by the component unit being fiscally dependent on the Authority. The Authority is not a component unit of any larger entity.

**Allen Metropolitan Housing Authority**  
**Notes to the Basic Financial Statements**  
**Fiscal Year Ended June 30, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Basis of Presentation**

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

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

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

**Fund Accounting**

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.

**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

**Allen Metropolitan Housing Authority  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

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.

**Investments**

Investments are restricted by the provisions of the HUD Regulations (See Note 2). Investments are valued at market value.

**Fixed Assets**

Fixed assets are stated at cost and depreciation is computed using the straight line method over an estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized. The capitalization threshold is \$1,500. The following are the useful lives used for depreciation purposes:

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

**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.

**Interprogram payables/receivables**

The following is the detail to reconcile to the Federal Data Schedule (FDS) submitted to HUD. These are eliminated on the basic financial statements.

	OBA		Housing Choice Vouchers	New Construction Substantial Rehabilitation	Shelter Care Plus	Total
Due From	\$ -	\$ -	\$ 93,085	\$ -	\$ -	\$ 93,085
Due To	\$ -	\$ (2,313)	\$ -	\$ (89,706)	\$ (1,066)	\$ (93,085)



**Allen Metropolitan Housing Authority**  
**Notes to the Basic Financial Statements**  
**Fiscal Year Ended June 30, 2011**

**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 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 liability.

**Capital Contributions**

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

**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.

**Allen Metropolitan Housing Authority**  
**Notes to the Basic Financial Statements**  
**Fiscal Year Ended June 30, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**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 uncollectable receivables was \$1,036 at June 30, 2011.

**Inventories**

Inventories are stated at cost, (first-in, first-out method). Inventory consists of supplies and maintenance parts. The allowance for obsolete inventory was \$5,920 at June 30, 2011.

**Accounting and Reporting for Nonexchange Transactions**

The Authority previously adopted GASB 33. Non-exchange 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 non-exchange 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 a government-mandated or voluntary nonexchange transaction.

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

**Allen Metropolitan Housing Authority  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

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

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

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

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

**Deferred Revenue**

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

**2. DEPOSITS AND INVESTMENTS**

**Deposits**

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

**Allen Metropolitan Housing Authority  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2011**

**2. DEPOSITS AND INVESTMENTS - CONTINUED**

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.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

At fiscal year end June 30, 2011, the carrying amount of the Authority's deposits totaled \$3,897,059 and its bank balance was \$3,903,755. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of June 30, 2011, \$3,342,336 was exposed to custodial risk as discussed below.

Custodial credit risk is the risk that in the event of bank failure, the Authority's deposits may not be returned. The Authority's policy is to place deposits with major local banks approved by the Board. All deposits are collateralized with eligible securities in amounts equal to at least 110% of the carrying value of the deposits. Such collateral, as permitted by Chapter 135 of 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.

**Allen Metropolitan Housing Authority  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2011**

**2. DEPOSITS AND INVESTMENTS - CONTINUED**

**Investments**

HUD, State Statute and Board Resolutions authorize the Authority to invest in obligations of the U.S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository fund, super NOW accounts, sweep accounts, separate trading of registered interest and principal of securities, mutual funds, bonds and other obligations of this State, and the State Treasurer's investment pool. Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose or arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specific dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian. The Authority had no formal investment policy and had no classified investments at June 30, 2011.

*Investments* - The Authority's had no investments during the fiscal year.

**3. RISK MANAGEMENT**

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. There was no significant reduction in coverage and no settlements exceeded insurance coverage during the past three years.

The Authority participates in the State Housing Authorities Risk Pool (SHARP), a public entity risk plan that operates as a common risk management and insurance program for housing authorities. The authority pays insurance premiums directly to SHARP.

**Allen Metropolitan Housing Authority  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2011**

**4. RESTRICTED CASH**

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

FSS escrow funds held for tenants	\$ 70,540
Tenant security deposits	61,115
HUD monies to be used for tenant housing assistance payments	<u>473,586</u>
<b>Total Restricted Cash</b>	<b><u>\$ 605,241</u></b>

**5. CAPITAL ASSETS**

The following is a summary of changes in capital assets:

	<b>Balance 06/30/10</b>	<b>Additions</b>	<b>Adjust / Deletions</b>	<b>Balance 06/30/11</b>
<b>CAPITAL ASSETS NOT DEPRECIATED</b>				
Land	\$931,495	\$-0-	\$-0-	\$931,495
<b>CAPITAL ASSETS DEPRECIATED</b>				
Building and Improvements	\$19,044,302	\$270,034	\$-0-	\$19,314,336
Furniture and Equipment	598,294	48,669	-0-	646,963
Total at Historical Cost	<u>19,642,596</u>	<u>318,703</u>	<u>-0-</u>	<u>19,961,299</u>
<b>ACCUMULATED DEPRECIATION</b>				
Building and Improvements	(11,576,126)	(740,365)	(52,976)	(12,369,467)
Furniture and Equipment	(582,128)	(32,768)	52,976	(561,920)
Total Accumulated Depreciation	<u>(12,158,254)</u>	<u>(773,133)</u>	<u>-0-</u>	<u>(12,931,387)</u>
<b>TOTAL CAPITAL ASSETS NET OF DEPRECIATION</b>	<u>7,484,342</u>	<u>(454,430)</u>	<u>-0-</u>	<u>7,029,912</u>
<b>TOTAL CAPITAL ASSETS, NET</b>	<u>\$8,415,837</u>	<u>(\$454,430)</u>	<u>\$0</u>	<u>\$7,961,407</u>

**Allen Metropolitan Housing Authority  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2011**

**6. LONG-TERM LIABILITIES**

The following is a summary of long-term liabilities:

	<b>Balance 06/30/2010</b>	<b>Increase</b>	<b>Decrease</b>	<b>Balance 06/30/2011</b>	<b>Due Within One Year</b>
Compensated Absences					
- Public Housing	\$23,341	\$19,006	(\$26,594)	\$15,753	\$14,885
- Section 8	25,442	22,927	(18,546)	29,823	23,850
Total Compensated Absences	<u>\$48,783</u>	<u>41,933</u>	<u>(\$45,140)</u>	<u>\$45,576</u>	<u>\$38,735</u>
Less: Current Portion				<u>38,735</u>	
Compensated Absence – NonCurrent				<u>\$6,841</u>	
FSS Escrow Liability	<u>\$58,613</u>	<u>\$11,927</u>	<u>\$-0-</u>	<u>\$70,540</u>	<u>\$-0-</u>

**7. DEFINED BENEFIT PENSION PLANS**

The Authority participates in the Ohio Public Employees Retirement System (OPERS). OPERS administer 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 pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefits similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provide 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.

**Allen Metropolitan Housing Authority  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2011**

**7. DEFINED BENEFIT PENSION PLANS - Continued**

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2010, member and employer rates were consistent across all three plans. The 2010 member contribution rates were 10.0% for members 14.0% for employers of covered payroll. The Authority's contribution for the years ended June 30, 2011, 2010, and 2009 \$98,204, \$115,701, and \$126,779, respectively. Ninety-two percent has been contributed for 2011. All required contributions for the two previous years have been paid.

**8. 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 does 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.



**Allen Metropolitan Housing Authority**  
**Notes to the Basic Financial Statements**  
**Fiscal Year Ended June 30, 2011**

**8. POSTEMPLOYMENT BENEFITS - Continued**

**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.

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 5.50 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 benefits, were \$38,580, \$45,454 and \$49,806, 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.

**9. FDS SCHEDULE SUBMITTED TO HUD**

For the fiscal year ended June 30, 2011, the Authority electronically submitted an unaudited version of the combining balance sheet, statement of revenues, expenses and changes in retained earnings and other data to HUD as required on the GAAP basis. The audited versions of the FDS schedules are in the supplemental data. The schedules are presented in the manner prescribed by Housing and Urban Development.

**Allen Metropolitan Housing Authority  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2011**

**10. MORTGAGES RECEIVABLE**

When the Authority sells a Public Housing home under the 5(h) Homeownership program, the difference between the appraised value of the home and the price actually paid for the home is secured by a promissory note and a subordinate second mortgage. This amount dissipates 20% each year after the fifth year the family maintains residency. Therefore, after a period of 10 years, the mortgage amount is ZERO. If the family leaves the residence or fails to make its mortgage payment within the first 5 years of residency, the family would owe the entire amount of the note to the Authority. If, however, the family decides to leave the residence or fails to make its mortgage payment after the 10<sup>th</sup> year of residency, the family owes nothing to the Authority. If the family wants to leave in its eighth year, the amount the family owes to the Authority would be calculated to reflect a 60% reduction, etc.

On July 11, 2006, the Authority sold a house to an eligible family in which the second mortgage amount was \$35,753. If the family remains in the unit until July, 1016, they will owe AMHA nothing.

On October 31, 2007, the Authority sold a house to an eligible family in which the second mortgage amount was \$24,088. If the family remains in the unit until October, 2017, they will owe the Authority nothing.

**11. SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The accompanying Schedule of Expenditures of Federal Awards is a summary of the activity of the Authority's federal award programs. The schedule has been prepared on the accrual basis of accounting prescribed by the U.S. Department of Housing and Urban Development.

**12. CONTINGENCIES**

Litigations and Claims

In the normal course of operations the Authority may be subject to litigation and claims. At June 30, 2011 the Authority 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.

Allen Metropolitan Housing Authority  
FDS Schedule Submitted to REAC  
June 30, 2011

	Project Total	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	14.257 Homelessness Prevention and Rapid Re- Housing Program	1 Business Activities	14.885 Formula Capital Fund Stimulus Grant	14.238 Shelter Plus Care	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$2,280,525	\$807,009	\$0	\$0	\$204,284	\$0	\$0	\$3,291,818	\$0	\$3,291,818
113 Cash - Other Restricted	\$0	\$544,126	\$0	\$0	\$0	\$0	\$0	\$544,126	\$0	\$544,126
114 Cash - Tenant Security Deposits	\$61,115	\$0	\$0	\$0	\$0	\$0	\$0	\$61,115	\$0	\$61,115
100 Total Cash	\$2,341,640	\$1,351,135	\$0	\$0	\$204,284	\$0	\$0	\$3,897,059	\$0	\$3,897,059
124 Accounts Receivable - Other Government	\$0	\$0	\$89,706	\$0	\$0	\$0	\$1,066	\$90,772	\$0	\$90,772
126 Accounts Receivable - Tenants	\$12,408	\$0	\$0	\$0	\$0	\$0	\$0	\$12,408	\$0	\$12,408
126.1 Allowance for Doubtful Accounts - Tenants	(\$1,036)	\$0	\$0	\$0	\$0	\$0	\$0	(\$1,036)	\$0	(\$1,036)
126.2 Allowance for Doubtful Accounts - Other	(\$1,358)	\$0	\$0	\$0	\$0	\$0	\$0	(\$1,358)	\$0	(\$1,358)
127 Notes, Loans, & Mortgages Receivable - Current	\$7,358	\$0	\$0	\$0	\$0	\$0	\$0	\$7,358	\$0	\$7,358
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$17,372	\$0	\$89,706	\$0	\$0	\$0	\$1,066	\$108,144	\$0	\$108,144
142 Prepaid Expenses and Other Assets	\$24,262	\$0	\$0	\$0	\$0	\$0	\$0	\$24,262	\$0	\$24,262
143 Inventories	\$59,234	\$0	\$0	\$0	\$0	\$0	\$0	\$59,234	\$0	\$59,234
143.1 Allowance for Obsolete Inventories	(\$5,920)	\$0	\$0	\$0	\$0	\$0	\$0	(\$5,920)	\$0	(\$5,920)
144 Inter Program Due From	\$0	\$93,085	\$0	\$0	\$0	\$0	\$0	\$93,085	(\$93,085)	\$0
150 Total Current Assets	\$2,436,588	\$1,444,220	\$89,706	\$0	\$204,284	\$0	\$1,066	\$4,175,864	(\$93,085)	\$4,082,779
161 Land	\$931,495	\$0	\$0	\$0	\$0	\$0	\$0	\$931,495	\$0	\$931,495
162 Buildings	\$18,129,979	\$0	\$0	\$0	\$168,354	\$0	\$0	\$18,298,333	\$0	\$18,298,333
163 Furniture, Equipment & Machinery - Dwellings	\$74,289	\$0	\$0	\$0	\$0	\$0	\$0	\$74,289	\$0	\$74,289
164 Furniture, Equipment & Machinery - Administration	\$465,385	\$107,289	\$0	\$0	\$0	\$0	\$0	\$572,674	\$0	\$572,674

Allen Metropolitan Housing Authority  
FDS Schedule Submitted to REAC  
June 30, 2011

	Project Total	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	14.257 Homelessness Prevention and Rapid Re- Housing Program	1 Business Activities	14.885 Formula Capital Fund Stimulus Grant	14.238 Shelter Plus Care	Subtotal	ELIM	Total
165 Leasehold Improvements	\$979,379	\$36,624	\$0	\$0	\$0	\$0	\$0	\$1,016,003	\$0	\$1,016,003
166 Accumulated Depreciation	(\$12,825,261)	(\$78,581)	\$0	\$0	(\$27,545)	\$0	\$0	(\$12,931,387)	\$0	(\$12,931,387)
160 Total Capital Assets, Net of Accumulated Depreciation	\$7,755,266	\$65,332	\$0	\$0	\$140,809	\$0	\$0	\$7,961,407	\$0	\$7,961,407
171 Notes, Loans and Mortgages Receivable - Non-Current	\$32,313	\$0	\$0	\$0	\$0	\$0	\$0	\$32,313	\$0	\$32,313
180 Total Non-Current Assets	\$7,787,579	\$65,332	\$0	\$0	\$140,809	\$0	\$0	\$7,993,720	\$0	\$7,993,720
190 Total Assets	\$10,224,167	\$1,509,552	\$89,706	\$0	\$345,093	\$0	\$1,066	\$12,169,584	(\$93,085)	\$12,076,499
312 Accounts Payable <= 90 Days	\$9,559	\$3,522	\$0	\$0	\$0	\$0	\$0	\$13,081	\$0	\$13,081
321 Accrued Wage/Payroll Taxes Payable	\$13,096	\$24,539	\$0	\$0	\$0	\$0	\$0	\$37,635	\$0	\$37,635
322 Accrued Compensated Absences - Current Portion	\$14,885	\$23,850	\$0	\$0	\$0	\$0	\$0	\$38,735	\$0	\$38,735
341 Tenant Security Deposits	\$61,115	\$0	\$0	\$0	\$0	\$0	\$0	\$61,115	\$0	\$61,115
347 Inter Program - Due To	\$0	\$0	\$89,706	\$0	\$2,313	\$0	\$1,066	\$93,085	(\$93,085)	\$0
310 Total Current Liabilities	\$98,655	\$51,911	\$89,706	\$0	\$2,313	\$0	\$1,066	\$243,651	(\$93,085)	\$150,566
353 Non-current Liabilities - Other (FSS Escrow)	\$0	\$70,540	\$0	\$0	\$0	\$0	\$0	\$70,540	\$0	\$70,540
354 Accrued Compensated Absences - Non Current	\$868	\$5,973	\$0	\$0	\$0	\$0	\$0	\$6,841	\$0	\$6,841
350 Total Non-Current Liabilities	\$868	\$76,513	\$0	\$0	\$0	\$0	\$0	\$77,381	\$0	\$77,381
300 Total Liabilities	\$99,523	\$128,424	\$89,706	\$0	\$2,313	\$0	\$1,066	\$321,032	(\$93,085)	\$227,947
508.1 Invested In Capital Assets, Net of Related Debt	\$7,755,266	\$65,332	\$0	\$0	\$140,809	\$0	\$0	\$7,961,407	\$0	\$7,961,407

Allen Metropolitan Housing Authority  
FDS Schedule Submitted to REAC  
June 30, 2011

	Project Total	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	14.257 Homelessness Prevention and Rapid Re- Housing Program	1 Business Activities	14.885 Formula Capital Fund Stimulus Grant	14.238 Shelter Plus Care	Subtotal	ELIM	Total
511.1 Restricted Net Assets	\$0	\$473,586	\$0	\$0	\$0	\$0	\$0	\$473,586	\$0	\$473,586
512.1 Unrestricted Net Assets	\$2,369,378	\$842,210	\$0	\$0	\$201,971	\$0	\$0	\$3,413,559	\$0	\$3,413,559
513 Total Equity/Net Assets	\$10,124,644	\$1,381,128	\$0	\$0	\$342,780	\$0	\$0	\$11,848,552	\$0	\$11,848,552
600 Total Liabilities and Equity/Net Assets	\$10,224,167	\$1,509,552	\$89,706	\$0	\$345,093	\$0	\$1,066	\$12,169,584	(\$93,085)	\$12,076,499
70300 Net Tenant Rental Revenue	\$235,320	\$0	\$0	\$0	\$0	\$0	\$0	\$235,320	\$0	\$235,320
70400 Tenant Revenue - Other	\$31,214	\$0	\$0	\$0	\$0	\$0	\$0	\$31,214	\$0	\$31,214
70500 Total Tenant Revenue	\$266,534	\$0	\$0	\$0	\$0	\$0	\$0	\$266,534	\$0	\$266,534
70600 HUD PHA Operating Grants	\$1,227,616	\$5,488,388	\$263,231	\$0	\$0	\$157,974	\$117,645	\$7,254,854	\$0	\$7,254,854
70610 Capital Grants	\$138,054	\$0	\$0	\$0	\$0	\$123,100	\$0	\$261,154	\$0	\$261,154
71100 Investment Income - Unrestricted	\$7,340	\$250	\$0	\$0	\$2,295	\$0	\$0	\$9,885	\$0	\$9,885
71400 Fraud Recovery	\$0	\$12,074	\$0	\$0	\$0	\$0	\$0	\$12,074	\$0	\$12,074
71500 Other Revenue	\$0	\$11,375	\$0	\$169,430	\$0	\$0	\$0	\$180,805	\$0	\$180,805
72000 Investment Income - Restricted	\$0	\$158	\$0	\$0	\$0	\$0	\$0	\$158	\$0	\$158
70000 Total Revenue	\$1,639,544	\$5,512,245	\$263,231	\$169,430	\$2,295	\$281,074	\$117,645	\$7,985,464	\$0	\$7,985,464
91100 Administrative Salaries	\$194,474	\$347,045	\$30,000	\$0	\$0	\$0	\$8,000	\$579,519	\$0	\$579,519
91200 Auditing Fees	\$3,942	\$11,810	\$340	\$0	\$0	\$0	\$0	\$16,092	\$0	\$16,092
91400 Advertising and Marketing	\$0	\$1,021	\$0	\$0	\$0	\$0	\$0	\$1,021	\$0	\$1,021
91500 Employee Benefit contributions - Administrative	\$120,322	\$103,426	\$9,093	\$0	\$0	\$0	\$1,655	\$234,496	\$0	\$234,496
91600 Office Expenses	\$20,438	\$166,882	\$0	\$0	\$8,926	\$0	\$0	\$196,246	\$0	\$196,246
91700 Legal Expense	\$7,623	\$0	\$0	\$0	\$12,522	\$0	\$0	\$20,145	\$0	\$20,145
91800 Travel	\$7,102	\$31,594	\$0	\$0	\$0	\$0	\$0	\$38,696	\$0	\$38,696

Allen Metropolitan Housing Authority  
FDS Schedule Submitted to REAC  
June 30, 2011

	Project Total	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	14.257 Homelessness Prevention and Rapid Re- Housing Program	1 Business Activities	14.885 Formula Capital Fund Stimulus Grant	14.238 Shelter Plus Care	Subtotal	ELIM	Total
91000 Total Operating - Administrative	\$353,901	\$661,778	\$39,433	\$0	\$21,448	\$0	\$9,655	\$1,086,215	\$0	\$1,086,215
92400 Tenant Services - Other	\$2,231	\$0	\$0	\$169,430	\$0	\$0	\$0	\$171,661	\$0	\$171,661
92500 Total Tenant Services	\$2,231	\$0	\$0	\$169,430	\$0	\$0	\$0	\$171,661	\$0	\$171,661
93100 Water	\$103,207	\$0	\$0	\$0	\$0	\$0	\$0	\$103,207	\$0	\$103,207
93200 Electricity	\$41,720	\$0	\$0	\$0	\$0	\$0	\$0	\$41,720	\$0	\$41,720
93300 Gas	\$25,154	\$0	\$0	\$0	\$0	\$0	\$0	\$25,154	\$0	\$25,154
93600 Sewer	\$8,126	\$0	\$0	\$0	\$0	\$0	\$0	\$8,126	\$0	\$8,126
93000 Total Utilities	\$178,207	\$0	\$0	\$0	\$0	\$0	\$0	\$178,207	\$0	\$178,207
94100 Ordinary Maintenance and Operations - Labor	\$121,941	\$0	\$0	\$0	\$0	\$0	\$0	\$121,941	\$0	\$121,941
94200 Ordinary Maintenance and Operations - Materials and Other	\$191,530	\$21,420	\$0	\$0	\$17,998	\$0	\$0	\$230,948	\$0	\$230,948
94300 Ordinary Maintenance and Operations Contracts	\$79,036	\$0	\$0	\$0	\$0	\$157,974	\$0	\$237,010	\$0	\$237,010
94500 Employee Benefit Contributions - Ordinary Maintenance	\$87,129	\$0	\$0	\$0	\$0	\$0	\$0	\$87,129	\$0	\$87,129
94000 Total Maintenance	\$479,636	\$21,420	\$0	\$0	\$17,998	\$157,974	\$0	\$677,028	\$0	\$677,028
96130 Workmen's Compensation	\$8,863	\$0	\$0	\$0	\$0	\$0	\$0	\$8,863	\$0	\$8,863
96140 All Other Insurance	\$58,228	\$17,188	\$0	\$0	\$3,080	\$0	\$0	\$78,496	\$0	\$78,496
96100 Total insurance Premiums	\$67,091	\$17,188	\$0	\$0	\$3,080	\$0	\$0	\$87,359	\$0	\$87,359
96200 Other General Expenses	\$12,010	\$0	\$0	\$0	\$0	\$0	\$0	\$12,010	\$0	\$12,010

Allen Metropolitan Housing Authority  
FDS Schedule Submitted to REAC  
June 30, 2011

	Project Total	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	14.257 Homelessness Prevention and Rapid Re- Housing Program	1 Business Activities	14.885 Formula Capital Fund Stimulus Grant	14.238 Shelter Plus Care	Subtotal	ELIM	Total
96210 Compensated Absences	\$19,006	\$22,927	\$0	\$0	\$0	\$0	\$0	\$41,933	\$0	\$41,933
96400 Bad debt - Tenant Rents	(\$1,049)	\$0	\$0	\$0	\$0	\$0	\$0	(\$1,049)	\$0	(\$1,049)
96600 Bad debt - Other	\$5,924	\$0	\$0	\$0	\$0	\$0	\$0	\$5,924	\$0	\$5,924
96000 Total Other General Expenses	\$35,891	\$22,927	\$0	\$0	\$0	\$0	\$0	\$58,818	\$0	\$58,818
96900 Total Operating Expenses	\$1,116,957	\$723,313	\$39,433	\$169,430	\$42,526	\$157,974	\$9,655	\$2,259,288	\$0	\$2,259,288
97000 Excess of Operating Revenue over Operating Expenses	\$522,587	\$4,788,932	\$223,798	\$0	(\$40,231)	\$123,100	\$107,990	\$5,726,176	\$0	\$5,726,176
97300 Housing Assistance Payments	\$0	\$5,060,757	\$223,798	\$0	\$0	\$0	\$107,990	\$5,392,545	\$0	\$5,392,545
97350 HAP Portability-In	\$0	\$1,010	\$0	\$0	\$0	\$0	\$0	\$1,010	\$0	\$1,010
97400 Depreciation Expense	\$757,314	\$9,697	\$0	\$0	\$6,122	\$0	\$0	\$773,133	\$0	\$773,133
90000 Total Expenses	\$1,874,271	\$5,794,777	\$263,231	\$169,430	\$48,648	\$157,974	\$117,645	\$8,425,976	\$0	\$8,425,976
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(\$234,727)	(\$282,532)	\$0	\$0	(\$46,353)	\$123,100	\$0	(\$440,512)	\$0	(\$440,512)
11030 Beginning Equity	\$10,236,271	\$1,663,660	\$0	\$0	\$389,133	\$0	\$0	\$12,289,064	\$0	\$12,289,064
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$123,100	\$0	\$0	\$0	\$0	(\$123,100)	\$0	\$0	\$0	\$0
11170 Administrative Fee Equity	\$0	\$907,542	\$0	\$0	\$0	\$0	\$0	\$905,229	\$0	\$905,229
11180 Housing Assistance Payments Equity	\$0	\$473,586	\$0	\$0	\$0	\$0	\$0	\$473,586	\$0	\$473,586
11190 Unit Months Available	2,964	12,492	756	0	0	0	285	16,212	0	16,212

Allen Metropolitan Housing Authority  
 FDS Schedule Submitted to REAC  
 June 30, 2011

	Project Total	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	14.257 Homelessness Prevention and Rapid Re- Housing Program	1 Business Activities	14.885 Formula Capital Fund Stimulus Grant	14.238 Shelter Plus Care	Subtotal	ELIM	Total
11210 Number of Unit Months Leased	2,929	13,115	725	0	0	0	285	16,769	0	16,769
11270 Excess Cash	\$2,177,535	\$0	\$0	\$0	\$0	\$0	\$0	\$2,177,535	\$0	\$2,177,535
11610 Land Purchases	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11620 Building Purchases	\$261,154	\$0	\$0	\$0	\$0	\$0	\$0	\$261,154	\$0	\$261,154



**Allen Metropolitan Housing Authority  
Schedule of Expenditures of Federal Awards  
Fiscal 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	\$ 1,104,534
Housing Choice Vouchers	14.871	5,488,388
Section 8 – New Construction and Single Room	14.182	263,231
Shelter Plus Care	14.238	117,645
Public Housing Capital Fund Program (Cluster)		
Public Housing Capital Fund	14.872	261,136
Formula Capital Fund Stimulus Grant	14.885	<u>281,074</u>
Public Housing Capital Fund Program Cluster		<u>542,210</u>
<b>Pass Through Program From:</b>		
City of Lima		
Homeless Prevention and Rapid Re-Housing Program	14.257	<u>169,430</u>
<b>Total U.S. Department of HUD</b>		<u>7,685,438</u>
<b>Total Expenditure of Federal Award</b>		<u><u>\$ 7,685,438</u></u>

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

Board of Commissioners  
Allen Metropolitan Housing Authority

I have audited the financial statements of the business-type activities of the Allen Metropolitan Housing Authority, Ohio, as of and for the year ended June 30, 2011 which collectively comprise the Allen Metropolitan Housing Authority basic financial statements and have issued my report thereon dated December 19, 2011. 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 of America.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered Allen Metropolitan Housing Authority, Ohio'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 entity's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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 we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Allen Metropolitan Housing Authority financial statements are free of material misstatement, I performed tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements 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 result of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

I noted certain matters that I have reported to management of Allen Metropolitan Housing Authority in a separate letter dated December 19, 2011.

This report is intended for the information of the Board of Commissioners, management, federal awarding agencies, and pass-through entity 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.  
December 19, 2011



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

Board of Commissioners  
Allen Metropolitan Housing Authority

**Compliance**

I have audited the compliance of the Allen Metropolitan Housing Authority, Ohio, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2011. Allen Metropolitan Housing Authority, Ohio's 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 Allen Metropolitan Housing Authority, Ohio's management. My responsibility is to express an opinion on Allen 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, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 Allen 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 Allen Metropolitan Housing Authority, Ohio's compliance with those requirements.

In my opinion, Allen Metropolitan Housing Authority, Ohio, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

### **Internal Control Over Compliance**

The management of Allen 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 Allen 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 Allen 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 Commissioners, management, federal awarding, and pass through agencies and is not intended to be and should not be used by anyone other than those specified parties.

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Salvatore Consiglio, CPA, Inc.  
December 19, 2011

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

**1. SUMMARY OF AUDITOR'S RESULTS**

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
Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
Were there any significant deficiency reported for any major federal programs as material weakness?	No
Were there any other significant deficiency reported for the major federal programs?	No
Type of Major Programs' Compliance Opinion	Unqualified
Are there any reportable findings under § .510?	No
Major Programs (list):	CFDA # 14.871 Housing Choice Voucher; 14.872 Public Housing Capital Fund; 14.885 Formula Capital Fund Stimulus Grant
Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All Others
Low Risk Auditee?	Yes

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

There are no Findings or questioned costs for the year ended June 30, 2011.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

There are no Findings or questioned costs for the year ended June 30, 2011.

Allen 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

ALLEN METROPOLITAN HOUSING AUTHORITY

ALLEN 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 1, 2012