

AUDITED BASIC FINANCIAL STATEMENTS
OF THE
MEDINA METROPOLITAN HOUSING AUTHORITY
JULY 1, 2010 – JUNE 30, 2011





Dave Yost • Auditor of State

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

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

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

Dave Yost
Auditor of State

January 10, 2012

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**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY**

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

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying basic financial statements of the Medina Metropolitan Housing Authority, Medina County, Ohio (the Authority) as of and for the fiscal year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Medina Metropolitan Housing Authority, Medina County, as of June 30, 2011, and the changes in financial position and its cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 30, 2011, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Wilson, Shannon & Snow, Inc.

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

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not a 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 historic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or to provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the Authority's basic financial statements taken as a whole. The Schedule of Federal Awards Expenditures provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, and the Supplemental Financial Data Schedules are required by the U.S. Department of Housing and Urban Development, are not a required part of the basic financial statements. The Schedule of Federal Awards Expenditures and Supplemental Financial Data Schedules are management's responsibility, and were derived from and relate directly to underlying accounting and other records used to prepare the basic financial statements. These schedules were subject 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, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Wilson, Shanna & Snow, Inc.

Newark, Ohio
November 30, 2011

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

Medina Metropolitan Housing Authority's ("the Authority") Management's Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position, and (d) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the Authority's financial statements (beginning on page 11).

Financial Highlights

- The Authority's net assets increased by \$124,055 during the fiscal year 2011. Net Assets were \$8,597,487 and \$8,473,432 for 2011 and 2010, respectively.
- Revenues decreased by \$307,422 during fiscal year 2011, and were \$6,396,107 and \$6,703,529 for 2011 and 2010 respectively. The decrease was due to less funding for Section 8 and reduced grants in Capital Fund Programs.
- The total expenses of the Authority programs decreased by \$400,761. Total expenses were \$6,272,052 and \$6,672,813 for 2011 and 2010 respectively. The main decrease in expenses was from a decrease in housing assistance payments made during the year.

Overview of the Financial Statements

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

USING THIS REPORT

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

Authority-Wide Financial Statements

The Authority-wide financial statements (see pages 11-13) are designed to be corporate-like in that all business type activities are consolidated into columns which add to a total for the entire Authority.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

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

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

Net Assets, Invested in Capital Assets, Net of Related Debt: This component of Net Assets consists of all Capital Assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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

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

The Authority-wide financial statements also include a Statement of Revenues, Expenses and Changes in Fund Net Assets (similar to an Income Statement). This Statement includes Operating Revenues, such as tenant revenue and operating grants income, Operating Expenses, such as administrative, utilities, and maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as investment revenue and capital grants.

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

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

THE AUTHORITY’S PROGRAMS

Conventional Public Housing – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

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

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own rental property for use by eligible families. The Authority subsidizes the families' rent through a monthly Housing Assistance Payment (HAP) made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure contracts that set the families' rent at 30% of household income.

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

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

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

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

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

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

Other Rental Units

- *Wadsworth Villas* - The Authority constructed a new five unit, non-subsidized housing development during fiscal year 2010 named Wadsworth Villas. These units are designated for persons with sensory and/or mobility impairments. The units were constructed using Authority funds (lent to the development) and a loan from the Ohio Housing Finance Agency.

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

AUTHORITY-WIDE STATEMENTS

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

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

	<u>2011</u>	<u>2010</u>
Current and Other Assets	\$ 7,273,112	\$ 7,044,933
Capital Assets, Net	<u>2,484,291</u>	<u>2,486,335</u>
Total Assets	<u>\$ 9,757,403</u>	<u>\$ 9,531,268</u>
Current Liabilities	\$ 351,256	\$ 487,493
Long-Term Liabilities	<u>808,660</u>	<u>570,343</u>
Total Liabilities	<u>1,159,916</u>	<u>1,057,836</u>
Net Assets:		
Investment in Capital Assets, net of Related Debt	2,065,939	2,340,233
Restricted Net Assets	1,774,130	1,605,983
Unrestricted Net Assets	<u>4,757,418</u>	<u>4,527,216</u>
Total Net Assets	<u>8,597,487</u>	<u>8,473,432</u>
Total Liabilities and Net Assets	<u>\$ 9,757,403</u>	<u>\$ 9,531,268</u>

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

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

Major Factors Affecting the Statement of Net Assets

Total current and other assets increased \$228,179 from fiscal year 2010 to 2011 primarily due to an increase in cash as a result of current activities.

Total liabilities increased by \$102,080 due to debt incurred for the Wadsworth Villa Project within the noncurrent liabilities along with decreases in current liabilities.

Capital assets net of accumulated depreciation decreased \$2,044 due to the current year’s depreciation exceeding the purchase of various assets during fiscal year 2011.

Table 2 presents details on the change in Unrestricted Net Assets, Invested in Capital Assets, Net of Related Debt, and Restricted Net Assets.

Table 2 - Change in Net Assets			
	<u>Unrestricted N/A</u>	<u>Inv in C/A</u>	<u>Restr N/A</u>
Beginning Net Assets	\$ 4,527,216	\$ 2,340,233	\$ 1,605,983
Results from Operation	(44,092)	-	168,147
Adjustment:			
Current Year Depreciation Expense	156,443	(156,443)	-
Current Year Capital Expenditures	(154,399)	154,399	-
Loan Proceeds	272,250	(272,250)	-
Ending Net Assets	<u>\$ 4,757,418</u>	<u>\$ 2,065,939</u>	<u>\$ 1,774,130</u>

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

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

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

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

	<u>2011</u>	<u>2010</u>
<u>Revenues</u>		
Tenant Revenues	\$ 1,700,044	\$ 1,684,662
Operating Subsidies Grants	4,098,459	4,371,346
Capital Grants	54,811	209,874
Investment Income	88,436	90,261
Gain Sale of Capital Asset	600	-
Other Revenue	<u>453,757</u>	<u>347,386</u>
Total Revenues	<u>6,396,107</u>	<u>6,703,529</u>
<u>Expenses</u>		
Administrative	1,034,686	1,240,097
Tenant Services	137,406	1,476
Utilities	273,338	281,566
Maintenance	535,143	531,080
General Expenses	1,206,802	1,056,413
Housing Assistance Payments	2,927,284	3,418,740
Casualty Loss	950	-
Depreciation	<u>156,443</u>	<u>143,441</u>
Total Expenses	<u>6,272,052</u>	<u>6,672,813</u>
Change in Net Assets	124,055	30,716
Total beginning net assets	<u>8,473,432</u>	<u>8,442,716</u>
Total ending net assets	<u>\$ 8,597,487</u>	<u>\$ 8,473,432</u>

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

Total revenue decreased \$307,422 in comparison with last fiscal year. The decrease was due mainly to a decrease in housing choice voucher grant revenue and capital grants drawn.

Total expenses decreased \$400,761. The majority of decreases were in the housing assistance payments.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of fiscal year-end, the Authority had \$2,484,291 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (additions and depreciation) of \$2,044 from the end of last fiscal year.

Table 4 - Condensed Statement of Changes in Capital Assets

	<u>2011</u>		<u>2010</u>
Land	\$ 262,076	\$	262,076
Building & Improvements	4,172,277		3,445,202
Equipment	874,681		741,435
Construction in Progress	8,442		714,364
Accumulated Depreciation	<u>(2,833,185)</u>		<u>(2,676,742)</u>
Total	<u>\$ 2,484,291</u>	\$	<u>2,486,335</u>

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

Table 5 - Change in Capital Assets

Beginning Balance, July 1, 2010	\$ 2,486,335
Current year purchases	154,399
Less Depreciation Expense	<u>(156,443)</u>
Ending Balance, June 30, 2011	<u>\$ 2,484,291</u>

Current year purchases are summarized as follows:

- Building Purchases	\$ 12,928
- Leasehold Improvements	8,225
- Dwelling Equipment	125,066
- Administrative Equipment	<u>8,180</u>
Total Current Additions	<u>\$ 154,399</u>

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

Debt Outstanding

In fiscal year 2011, the Authority received a loan from Ohio Housing Finance Agency of \$272,250 for the construction of Wadsworth Villas. The debt becomes due upon specific events as detailed in the agreement. More information over Debt can be found in Note 11 in the Notes to the Financial Statements.

Table 6 - Condensed Statement of Changes in Debt Outstanding

	<u>2011</u>	<u>2010</u>
Beginning Balance, July 1	\$ 384,466	\$ 238,364
Loan from Ohio Housing Finance Agency	272,250	-
Loan from MCBODD (Honey Shade)	-	146,102
Current year debt retired	-	-
Ending Balance, June 30	<u>\$ 656,716</u>	<u>\$ 384,466</u>

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income and the overall costs associated with the Section 8 Housing Choice Voucher Program
- Inflationary pressure on utility rates, supplies and other costs
- Decreased rates of return on investments which affect investment income
- Since February 2011, the Authority and AFSCME, Ohio Council 8, Local 265 have engaged in negotiations to result in a collective bargaining agreement for two bargaining units of Authority employees. As of October 2011, negotiations reached an impasse. Mediation of the parties should occur in fiscal year 2012.

FINANCIAL CONTACT

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

MEDINA METROPOLITAN HOUSING AUTHORITY

Statement of Net Assets

Proprietary Fund

June 30, 2011

ASSETS

Current assets

Cash and cash equivalents	\$	750,907
Restricted cash and cash equivalents		2,037,856
Receivables, net		505,188
Prepays and other assets		68,654
Total current assets		<u>3,362,605</u>

Noncurrent assets

Capital assets:

Land		262,076
Building and equipment		5,046,958
Construction in progress		8,442
Less accumulated depreciation		<u>(2,833,185)</u>
Capital assets, net		2,484,291
Notes receivable - noncurrent		<u>3,910,507</u>
Total noncurrent assets		<u>6,394,798</u>
Total assets		<u>9,757,403</u>

LIABILITIES

Current liabilities

Accounts payable		40,474
Accrued wages and benefits		50,546
Accrued interest payable		47,328
Accrued compensated absences		72,526
Intergovernmental payables		17,170
Tenant security deposits		111,782
Unearned revenue		9,545
Other current liabilities		1,885
Total current liabilities		<u>351,256</u>

Noncurrent liabilities

Loan Liability - noncurrent		656,716
Noncurrent liabilities - other		<u>151,944</u>
Total noncurrent liabilities		<u>808,660</u>
Total liabilities		<u>1,159,916</u>

NET ASSETS

Invested in capital assets, net of related debt		2,065,939
Restricted net assets		1,774,130
Unrestricted net assets		<u>4,757,418</u>
Total net assets	\$	<u>8,597,487</u>

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

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

OPERATING REVENUES

Tenant Revenue	\$	1,700,044
Government operating grants		4,098,459
Other revenue		453,757
Total operating revenues		<u>6,252,260</u>

OPERATING EXPENSES

Administrative		1,034,686
Tenant services		137,406
Utilities		273,338
Maintenance		535,143
General		1,206,802
Housing assistance payment		2,927,284
Depreciation		156,443
Total operating expenses		<u>6,271,102</u>
Operating loss		<u>(18,842)</u>

NON-OPERATING REVENUES (EXPENSES)

Interest and investment revenue		88,436
Gain on sale of capital assets		600
Causalty loss - Non-Capitalized		(950)
Capital grants		54,811
Total nonoperating revenues (expenses)		<u>142,897</u>

Change in net assets		124,055
Total net assets - beginning		8,473,432
Total net assets - ending	\$	<u><u>8,597,487</u></u>

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

Medina Metropolitan Housing Authority
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES

Operating grants received	\$	4,063,497
Tenant revenue received		1,709,554
Other revenue received		495,719
General and administrative payments		(3,351,618)
Housing assistance payments		<u>(2,927,284)</u>
Net cash used by operating activities		<u>(10,132)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and investment revenue		88,436
Repayment of notes receivable by BHDC		<u>49,057</u>
Net cash provided by investing activities		<u>137,493</u>

CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES

Capital grant revenues		54,811
Proceeds from sale of assets		600
Proceeds from loans		272,250
Purchase of capital assets		<u>(154,399)</u>
Net cash provided by capital and related activities		<u>173,262</u>
Net increase in cash		300,623
Cash and cash equivalents - Beginning of year		<u>2,488,140</u>
Cash and cash equivalents - End of year	\$	<u><u>2,788,763</u></u>

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES

Operating Loss		\$ (18,842)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation		156,443
Causalty loss		(950)
(Increases) decreases in:		
Accounts receivables		(2,802)
Prepaid assets		26,189
Increases (decreases) in:		
Accounts payable		(38,669)
Intergovernmental payable		(61,894)
Accrued liabilities payable		(23,927)
Deferred revenue		(14,640)
Tenant security deposits		4,181
Other current liabilities		(1,288)
Noncurrent liabilities other		<u>(33,933)</u>
Net cash used by operating activities	\$	<u><u>(10,132)</u></u>

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

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Description of Programs

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

A. Public Housing Program

The public housing program is designed to provide low-cost housing within Medina County. Under this program, HUD provides funding via an annual contribution contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the program.

B. Capital Fund Program

The capital fund program provides funds annually, via a formula, to Public Housing Agencies for capital and management activities for the Public Housing program, including modernization.

C. Housing Choice Voucher Program

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

D. Business Activity

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

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(CONTINUED)**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Fund Accounting/Financial Reporting Entity

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

Proprietary Fund Types

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

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

Measurement Focus/Basis of Accounting

The proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. Pursuant to GASB Statement No. 20 *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the Authority follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

Budgets and Budgetary Accounting

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

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(CONTINUED)**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Accounting and Reporting for Nonexchange Transactions

The Authority accounts for nonexchange transactions in accordance with Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. Nonexchange transactions occur when the Authority receives (or gives) value without directly giving (or receiving) equal value in return.

In conformity with the requirements of GASB Statement No. 33, the Authority has recognized grant funds expended for capitalizable capital assets acquired after June 30, 2000 as revenues and the related depreciation thereon, as expenses in the accompanying Statement of Revenue, Expenses and Changes in Fund Net Assets.

Unearned Revenues

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

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

Compensated Absences

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

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees, if both of the following conditions are met:

- 1) The employees' rights to receive compensation are attributable to services already rendered and are not contingent on a specific event that is outside the control of the employer and employee.
- 2) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

In the proprietary fund, the compensated absences are expensed when earned with the amount reported as a fund liability.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(CONTINUED)**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Cash and Cash Equivalents

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

Restricted Cash and Investments

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. The Authority had restricted assets for Housing Assistance Payment equity balance of \$605,812, \$151,944 for Family Self-Sufficiency Program deposits, \$111,782 for Tenant Security Deposits, and \$1,168,318 for amounts required by the leased agreements with Brunswick Housing Development Corporation and Wadsworth Housing Development Corporation to be kept in separate restricted bank accounts that can only be used for specific purposes:

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

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

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

Property and Equipment

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

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

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(CONTINUED)**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable includes amounts due from tenants, amounts identified for fraud recovery, accrued interest on certificates of deposits, and other revenue sources. Management considers all accounts receivable (excluding the fraud recovery and tenant accounts receivable) to be collected in full. At June 30, 2011, allowance for doubtful accounts in tenant accounts receivable and fraud recovery receivable was \$14,398 and \$4,832, respectively.

Use of Estimates

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

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets – net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are recorded as restricted when there are limitations imposed on their use by internal or external restrictions. The amount reported as restricted net assets at fiscal year-end represents the amounts restricted by HUD for future Housing Assistance Payments and amounts required by the leased agreements with Brunswick Housing Development Corporation and Wadsworth Housing Development Corporation that can only be used for specific purposes. When an expense is incurred for purposes which both restricted and unrestricted net assets are available, the Authority first applies restricted net assets.

Income Taxes

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

Operating Revenues and Expenses

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

Capital Contributions

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

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(CONTINUED)**

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Deposits with Financial Institutions

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

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

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

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

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

At fiscal year end June 30, 2011, the carrying balance was \$2,788,763 and the bank balance was \$2,854,005. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of June 30, 2011, \$2,553,981 was exposed to custodial risk as discussed below, while \$300,024 was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

The Authority had no certificates of deposits held at June 30, 2011. Deposits in Money Market accounts related to lease agreements with Brunswick Housing Development Corporation and Wadsworth Housing Development totaling \$543,273 at June 30, 2011 and are reported as cash and cash equivalents.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(CONTINUED)**

NOTE 2 – DEPOSITS AND INVESTMENTS - continued

B. Investments

As of June 30, 2011, the Authority had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>
		<u>6 months or less</u>
U.S. Government Money Market	\$543,273	\$543,273

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the Authority’s investment policy limits investment portfolio maturities to five years or less.

Credit Risk: Standard & Poor’s has assigned the U.S. Government money market AAAM money market ratings.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty’s trust department or agent but not in the Authority’s name. The Authority has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk: The Authority places no limit on the amount that may be invested in any one issuer. At June 30, 2011, the Authority had 100% of its investments with U.S. Government Money Market investment type.

NOTE 3 – RELATED PARTY TRANSACTIONS

The Wadsworth Housing Development Corporation (WHDC) and the Brunswick Housing Development Corporation (BHDC) are both non-profit corporations under the Internal Revenue Service ruling 501(c) (3). Both entities operate autonomously and each is governed by its own separate Board of Directors (independent of the MMHA). WHDC owns Wadsworth Tower, a federally-assisted, elderly housing complex located in Wadsworth, Ohio. The BHDC owns Southwick Place, Jefferson Place, New Manhattan Place, and Home Place. Southwick Place, Jefferson Place, and New Manhattan Place are all affordable housing complexes located in Medina County, Ohio. Home Place is a combination of leased to own and scattered site-rental single family units located in Medina County.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(CONTINUED)**

NOTE 3 – RELATED PARTY TRANSACTIONS - continued

Medina Metropolitan Housing Authority has entered into a lease agreement with both non-profit corporations to manage the operation of the apartment complexes for which in return the Authority receives all revenues associated with the operation of the projects and is responsible for all expenses related thereto. The non-profit corporations retain ownership to the properties and are responsible for the debt associated with the buildings. The repayment of the debt is made by Medina Metropolitan Housing Authority from the rental revenue collected during the fiscal year. The current year activities of these apartment complexes have been reported in the financial statements of Medina Metropolitan Housing Authority as Business Activities.

Medina Metropolitan Housing Authority has provided a guarantee to First Merit Bank on a \$500,000 BHDC line of credit in the form of pledged collateral of a Housing Authority mortgage note.

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

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

NOTE 4 – NOTES RECEIVABLE – RELATED ENTITIES

Notes receivable – related entities consists of the following as of June 30, 2011:

Brunswick Housing Development Corporation (BHDC):

Mortgage note receivable from Brunswick Housing Development Corporation with interest at 2% per annum, to be received by the Authority as the income and cash flow of BHDC permits, with the entire remaining outstanding balance payable to the Authority; secured by an open end Mortgage on Southwick Place property.	\$2,000,000
Mortgage note receivable Brunswick Housing Development Corporation with interest at 2% per annum; payable in monthly installments of \$5,040 with a final balloon payment February 2014 on which date the balance of principal and interest shall be payable; secured by New Manhattan Place property.	1,101,480
Mortgage note receivable Brunswick Housing Development Corporation with interest at 2% per annum; payable in monthly installments of \$1,338 with a final balloon payment February 2014 on which date the balance of principal and interest shall be payable; secured by New Jefferson Place.	292,481
Mortgage note receivable Brunswick Housing Development Corporation with interest at 2% per annum; payable in monthly installments of \$50 with a final balloon payment March 2014 on which date the balance of principal and interest shall be payable; secured by property at 515 Bronson.	50,000

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(CONTINUED)**

NOTE 4 – NOTES RECEIVABLE – RELATED ENTITIES - continued

Brunswick Housing Development Corporation (BHDC):

Note receivable from Brunswick Housing Development Corporation with interest at 2% per annum; payable in monthly installments of \$122 with a final balloon payment February 2014 on which date the balance of principal and interest shall be payable;. secured by property at New Manhattan Place.	26,546
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Mortgage note receivable Brunswick Housing Development Corporation with interest at 2% per annum; payable in monthly installments of \$150 with a final balloon payment January 2017 on which date the balance of principal and interest shall be payable; secured by property at 140A Ivy Hill, 235B Canterbury and 600C Canterbury.	90,000
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Note receivable from Brunswick Housing Development Corporation with interest at 4% per annum; payable in interest only payments of \$1,167 per month beginning on January 1, 2010 and ending with a final balloon payment December 1, 2019 on which date the balance of principal and interest shall be payable.	350,000
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Total Notes Receivable	<u>\$3,910,507</u>
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NOTE 5 – INSURANCE COVERAGE

As of June 30, 2010, the Authority had general liability insurance limits of \$2,000,000 (each occurrence) with no annual aggregate; director and officer liability coverage of \$2,000,000 per loss and in the aggregate; vehicle liability coverage of \$2,000,000; and real and personal property coverage of \$250,000,000 per occurrence. Insurance settlements have not exceeded available coverage limits during each of the fiscal years ended June 30, 2011, 2010, and 2009.

NOTE 6 – DEFINED BENEFIT PENSION PLAN

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

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(CONTINUED)**

NOTE 6 – DEFINED BENEFIT PENSION PLAN - continued

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

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

Funding Policy - The Authority and covered employees contribute at actuarially determined rates for both 2010 and 2011, 14% and 10%, respectively, of covered employee payroll to OPERS. The Authority's contributions to OPERS for the fiscal years ended June 30, 2011, 2010, and 2009 amounted to \$120,803, \$119,320, and \$118,248, respectively which were equal to the required contributions for each year. The employees' contributions to OPERS for June 30, 2011, 2010, 2009 were \$86,288, \$85,492, and \$86,238. Required contributions are equal to 100% of the charges. The Board of the Authority has elected to pay certain employees' portion of OPERS which totaled \$8,250 for fiscal year 2011.

NOTE 7 – POSTEMPLOYMENT BENEFITS

In order to qualify for post-retirement health care coverage, age-and service retirees under the Traditional Pension and Combined plans must have ten 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-Retirement Employment Benefit (OPEB) as described in GASB Statement 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.

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.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(CONTINUED)**

NOTE 7 – POSTEMPLOYMENT BENEFITS - continued

OPERS' Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members of the Traditional Plan was 5.0% from March 1 through December 31, 2010 (latest information available). The portion of employer contributions allocated to health care for members in the Combined Plan was 4.23% from March 1 through December 31, 2010. The OPERS Board of trustees is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Employer contributions made to fund post-employment benefits for fiscal year 2011 were approximately \$22,054.

The Health Care Preservation Fund (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective on January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health plan.

NOTE 8 – CAPITAL ASSETS

The following is a summary of capital assets at June 30, 2011:

	Balance 6/30/2010	Transfers	Increase	Decrease	Balance 6/30/2011
Capital Assets Not Depreciated					
Land	\$ 262,076	\$ -	\$ -	\$ -	\$ 262,076
Construction in Progress	714,364	(705,922)	-	-	8,442
Total Capital Assets Not Depreciated	976,440	(705,922)	-	-	270,518
Capital Assets Depreciated					
Building	3,231,296	705,922	12,928	-	3,950,146
Furniture, Mach & Equipment	741,435	-	133,246	-	874,681
Leasehold Improvement	213,906	-	8,225	-	222,131
Total Capital Assets Depreciated	4,186,637	705,922	154,399	-	5,046,958
Accumulated Depreciation					
Building	(2,032,136)	-	(70,862)	-	(2,102,998)
Furniture, Machinery & Equipment	(577,216)	-	(74,913)	-	(652,129)
Leasehold Improvement	(67,390)	-	(10,668)	-	(78,058)
Total Accumulated Depreciation	(2,676,742)	-	(156,443)	-	(2,833,185)
Total Capital Assets Depreciated, Net	1,509,895	705,922	(2,044)	-	2,213,773
Total Capital Assets, Net	\$ 2,486,335	\$ -	(\$2,044)	\$ -	\$ 2,484,291

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(CONTINUED)**

NOTE 9 – CONSTRUCTION IN PROGRESS

The Construction in Progress account balance, which totaled \$8,442 at June 30, 2011, consists of projects to modernize apartments, renovate various common use areas, and replace equipment, machinery, and appliances. There is no significant outstanding construction commitments associated with these projects as of June 30, 2011.

NOTE 10 – COMPENSATED ABSENCES

Employees earn 2-5 weeks of annual vacation leave per calendar year, based on years of service. Annual leave may be taken after 1 year of employment. As of June 30, 2011, the accrual for compensated absences totaled \$72,526 and has been included in the accompanying Statement of Net Assets. The Authority considers all compensated absences payable as due within one year.

NOTE 11 – LONG-TERM DEBT

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

<u>Description</u>	<u>Balance 06/30/10</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/11</u>	<u>Due Within One Year</u>
Promissory Note – WHDC	\$238,364	\$ 0	\$ 0	\$238,364	\$ 0
Promissory Note - MCBDD	146,102	0	0	146,102	0
Promissory Note - OHFA	<u>0</u>	<u>272,250</u>	<u>0</u>	<u>272,250</u>	<u>0</u>
Total Promissory Notes	<u>384,466</u>	<u>272,250</u>	<u>0</u>	<u>656,716</u>	<u>0</u>
Compensated Absence Payable	<u>73,148</u>	<u>53,078</u>	<u>(53,700)</u>	<u>72,526</u>	<u>72,526</u>
Total	<u>\$457,614</u>	<u>\$325,328</u>	<u>\$(53,700)</u>	<u>\$729,242</u>	<u>\$72,526</u>

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

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

On July 9, 2010, the Authority entered into a promissory note with the Ohio Housing Finance Agency (OHFA) in the amount of \$302,500 to build housing units located in Wadsworth, Ohio for mobility and sensory impaired persons (known as Wadsworth Villas). As of June 30, 2011, the Authority has drawn \$272,250 for project expenses. The note accrues interest at a rate of two percent per annum. The note shall become due upon specific events as detailed in the agreement, of which, as of June 30, 2011, none of these events have occurred or are anticipated to occur. Therefore, no amortization schedules are provided.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(CONTINUED)**

NOTE 12 – NONCURRENT LIABILITY-OTHER

The Authority is involved in the Family Self-Sufficiency program through the Housing Choice Vouchers Program. The noncurrent liability-other of \$151,944 represents escrow money held in escrow for residents participating in the Family Self-Sufficiency Program. Each month contributions are deposited into the Authority's savings account on behalf of the program participants. Participants enter into an initial five year contract (with an option for a two year extension upon Authority's approval). At the end of the contract, the participant either meet their program goals and may withdraw their money earned from the savings account, or they fail to meet their goals and forfeit their money. If a forfeiture occurs, the money earned is used by the Authority to reinvest into the Voucher Program.

NOTE 13 - CONTINGENT LIABILITIES

A. Grants

Amounts grantor agencies pay to the Authority are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs or excess reserve balances. Management cannot presently determine amounts grantors may disallow or recapture. However, based on prior experience, management believes any such disallowed claims or recaptured amounts would not have a material adverse effect on the overall financial position of the Authority at June 30, 2011.

B. Litigation

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

MEDINA METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET ASSETS - FDS SCHEDULE SUBMITTED TO HUD
Fiscal Year End June 30, 2011

Line Item Number	Account Description	Low Rent Public Housing 14.850a	CFP 14.872	Total Low Rent Public Housing	Business Activities	Shelter Plus Care 14.238	Section 8 Housing Coice Vouchers 14.871	FEMA 97.024	State Program	CFP 2009 ARRA Formula 14.885	Eliminations	
	ASSETS:											
	CURRENT ASSETS:											
	Cash:											
111	Cash - Unrestricted	158,641		158,641	377,128		215,137	1				750,907
113	Cash - Other Restricted			-	1,168,318		605,812					1,774,130
114	Cash - Tenant Security Deposits	23,519		23,519	88,263							111,782
100	Total Cash	182,160	-	182,160	1,633,709	-	820,949	1	-	-	-	2,636,819
	Accounts and Notes Receivables:											
122	Accounts Receivable - HUD Other Projects		5,650	5,650	-	18,476						24,126
124	Accounts Receivable - Other Government			-	7,080				1,315			8,395
125	Accounts Receivable - Miscellaneous			-	450,491							450,491
126	Accounts Receivable - Tenants - Dwelling Rents	2,096		2,096	26,700							28,796
126.1	Allowance for Doubtful Accounts - Dwelling Rents	(1,048)		(1,048)	(13,350)							(14,398)
128	Fraud Recovery			-	-		12,610					12,610
128.1	Allowance for Doubtful Accounts - Fraud			-	-		(4,832)					(4,832)
120	Total Receivables, Net of Allowances for Doubtful Accounts	1,048	5,650	6,698	470,921	18,476	7,778	-	1,315	-	-	505,188
	Current Investments:											
132	Investments - Restricted			-	-		151,944					151,944
142	Prepaid Expenses and Other Assets	4,141		4,141	60,724		3,789					68,654
144	Interprogram Due From			-	28,785						(28,785)	-
150	TOTAL CURRENT ASSETS	187,349	5,650	192,999	2,187,823	18,476	984,460	1	1,315	-	(28,785)	3,356,289
	NONCURRENT ASSETS:											
	Fixed Assets:											
161	Land	151,675		151,675	110,401							262,076
162	Buildings	2,594,790		2,594,790	1,355,356							3,950,146
163	Furniture, Equipment & Machinery - Dwellings	262,509		262,509	13,665							276,174
164	Furniture, Equipment & Machinery - Administration	132,661		132,661	431,385		34,461					598,507
165	Leasehold Improvements	85,853		85,853	136,278							222,131
166	Accumulated Depreciation	(2,117,244)		(2,117,244)	(687,278)		(28,663)					(2,833,185)
167	Construction in Progress		8,442	8,442	-							8,442
160	Total Fixed Assets, Net of Accumulated Depreciation	1,110,244	8,442	1,118,686	1,359,807	-	5,798	-	-	-	-	2,484,291
171	Notes, Loans, & Mortgages Receivable - Non-Current			-	3,910,507							3,910,507
180	TOTAL NONCURRENT ASSETS	1,110,244	8,442	1,118,686	5,270,314	-	5,798	-	-	-	-	6,394,798
190	TOTAL ASSETS	1,297,593	14,092	1,311,685	7,464,453	18,476	990,258	1	1,315	-	(28,785)	9,757,403

MEDINA METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET ASSETS - FDS SCHEDULE SUBMITTED TO HUD
Fiscal Year End June 30, 2011

Line Item Number	Account Description	Low Rent Public Housing 14.850a	CFP 14.872	Total Low Rent Public Housing	Business Activities	Shelter Plus Care 14.238	Section 8 Housing Choice Vouchers 14.871	FEMA 97.024	State Program	CFP 2009 ARRA Formula 14.885	Eliminations	
	LIABILITIES AND EQUITY:											
	LIABILITIES:											
	CURRENT LIABILITIES:											
312	Accounts Payable <= 90 Days	8,541		8,541	26,225		5,577		131			40,474
321	Accrued Wage/Payroll Taxes Payable	7,500		7,500	32,142		10,904					50,546
322	Accrued Compensated Absences - Current Portion	11,672		11,672	35,168		25,686					72,526
325	Accrued Interest Payable			-	47,328							47,328
333	Accounts Payable - Other Government	16,827		16,827	343							17,170
341	Tenant Security Deposits	23,519		23,519	88,263							111,782
342	Deferred Revenues	2,105		2,105	6,406				1,034			9,545
345	Other Current Liabilities			-	1,885							1,885
347	Interprogram Due To		11,881	11,881	-	16,753		1	150		(28,785)	-
310	TOTAL CURRENT LIABILITIES	70,164	11,881	82,045	237,760	16,753	42,167	1	1,315	-	(28,785)	351,256
	NONCURRENT LIABILITIES:											
351	Long-Term Debt, Net of Current - Capital Projects/Mortgage Revenue			-	418,352							418,352
353	Noncurrent Liabilities - Other			-	-		151,944					151,944
355	Loan Liability - Non Current			-	238,364							238,364
350	TOTAL NONCURRENT LIABILITIES	-	-	-	656,716	-	151,944	-	-	-	-	808,660
300	TOTAL LIABILITIES	70,164	11,881	82,045	894,476	16,753	194,111	1	1,315	-	(28,785)	1,159,916
	EQUITY/NET ASSETS:											
508.1	Invested in Capital Assets, Net of Related Debt	1,110,244	8,442	1,118,686	941,455	-	5,798	-	-	-	-	2,065,939
511.1	Restricted Net Assets	-	-	-	1,168,318	-	605,812	-	-	-	-	1,774,130
512.1	Unrestricted Net Assets	117,185	(6,231)	110,954	4,460,204	1,723	184,537	-	-	-	-	4,757,418
513	TOTAL EQUITY/NET ASSETS	1,227,429	2,211	1,229,640	6,569,977	1,723	796,147	-	-	-	-	8,597,487
600	TOTAL LIABILITIES AND EQUITY/NET ASSETS	1,297,593	14,092	1,311,685	7,464,453	18,476	990,258	1	1,315	-	(28,785)	9,757,403

MEDINA METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - FDS SCHEDULE SUBMITTED TO HUD
Fiscal Year End June 30, 2011

Line Item Number	Account Description	Low Rent Public Housing	CFP	Total Low Rent Public Housing	Business Activities	Shelter Plus Care	Section 8 Housing Choice Vouchers	FEMA	State Program	CFP 2009 ARRA Formula	Eliminations	
	REVENUE:	14,850a	14,872			14,238	14,871	97,024		14,885		
70300	Net Tenant Rental Revenue	243,961		243,961	1,447,719							1,691,680
70400	Tenant Revenue - Other	8,292		8,292	72							8,364
70500	Total Tenant Revenue	252,253	-	252,253	1,447,791	-	-	-	-	-	-	1,700,044
70600-010	Housing Assistance Payments			-	-		2,923,024					2,923,024
70600-020	Ongoing Administrative Fees Earned			-	-		409,128					409,128
70600	HUD PHA Operating Grants	147,094	18,966	166,060	-	228,437	3,332,152			3,300		3,729,949
70610	Capital Grants		53,659	53,659	-					1,152		54,811
70710	Management Fee			-	184,817							184,817
70800	Other Governmental Grants			-	290,824			23,339	54,347			368,510
71100	Investment Income - Unrestricted	31		31	9,151							9,182
71200	Mortgage Interest Income			-	79,230							79,230
71400-010	Housing Assistance Payment			-	-		8,733					8,733
71400-020	Administrative Fee			-	-		8,733					8,733
71400	Fraud Recovery			-	-		17,466					17,466
71500	Other Revenue	4,087		4,087	232,268		15,119					251,474
71600	Gain/Loss on Sale of Fixed Assets			-	600							600
72000-010	Housing Assistance Payment			-	-							-
72000	Investment Income - Restricted			-	-		24					24
700	TOTAL REVENUE	403,465	72,625	476,090	2,244,681	228,437	3,364,761	23,339	54,347	4,452	-	6,396,107
	EXPENSES:											
	Administrative:											
91100	Administrative Salaries	90,204	16,030	106,234	321,792		140,769					568,795
91200	Auditing Fees	2,065		2,065	15,966		2,065					20,096
91400	Advertising & Marketing	200		200	1,376		734					2,310
91500	Employee Benefit Contributions - Administrative	36,219		36,219	115,218		51,113					202,550
91600	Office Expenses	5,611	434	6,045	19,869		20,228		2,000			48,142
91700	Legal Expense	9,078		9,078	19,821		13,788					42,687
91800	Travel Expense	2,617		2,617	8,208	25	428					11,278
91900	Other Operating - Administrative	14,323		14,323	45,170	16,921	62,414					138,828
92000	Asset Management Fees			-	-							-
	Tenant Services:											
92100	Tenant Services - Salaries			-	-		93,587					93,587
92300	Employee Benefit Contributions - Tenant Services			-	-		41,547					41,547
92400	Tenant Services - Other	2,272		2,272	-							2,272
	Utilities:											
93100	Water	6,799		6,799	37,608							44,407
93200	Electricity	49,278		49,278	76,182							125,460
93300	Gas	20,429		20,429	42,199							62,628
93600	Sewer	7,474		7,474	33,369							40,843
93800	Other Utilities Expense			-	-							-
	Ordinary Maintenance & Operation:											
94100	Ordinary Maintenance & Operation - Labor	52,839		52,839	155,905							208,744
94200	Ordinary Maintenance & Operation - Materials & Other	21,659.00	2,502.00	24,161.00	48,332.00					1,300.00		73,793.00
94310	Ordinary Maintenance & Operation - Garbage & Trash Removal Contracts	4,826.00		4,826.00	20,121.00							24,947
94320	Ordinary Maintenance & Operation - Heating & Cooling Contracts	6,553.00		6,553.00	2,524.00							9,077
94330	Ordinary Maintenance & Operation - Snow Removal Contracts			0.00	7,935.00							7,935
94340	Ordinary Maintenance & Operation - Elevator Maintenance Contracts	10,217.00		10,217.00	8,440.00							18,657
94350	Ordinary Maintenance & Operation - Landscape & Grounds Contracts	33.00		33	7360							7,393
94360	Ordinary Maintenance & Operation - Unit Turnaround Contracts	765		765	1234							1,999
94370	Ordinary Maintenance & Operation - Electrical Contracts			0.00	0.00							-
94380	Ordinary Maintenance & Operation - Plumbing Contracts	4,659.00		4,659.00	3,858.00							8,517
94390	Ordinary Maintenance & Operation - Extermination Contracts	3,556.00		3,556.00	3,671.00							7,227
943100	Ordinary Maintenance & Operation - Janitorial Contracts	5818		5818	7504							13,322
943110	Ordinary Maintenance & Operation - Routine Maintenance Contracts	14330		14330	45264							59,594
943120	Ordinary Maintenance & Operation - Miscellaneous Contracts	8570		8570	22836							31,406
945000	Employee Benefit Contributions - Ordinary Maintenance	15728		15728	46804							62,532

MEDINA METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - FDS SCHEDULE SUBMITTED TO HUD
Fiscal Year End June 30, 2011

Line Item Number	Account Description	Low Rent Public Housing	CFP	Total Low Rent Public Housing	Business Activities	Shelter Plus Care	Section 8 Housing Choice Vouchers	FEMA	State Program	CFP 2009 ARRA Formula	Eliminations	
	Protective Services:	14.850a	14.872			14.238	14.871	97.024		14.885		
95200	Protective Services - Other Contract Costs			-	-							-
	General Expenses:											
96110	Property Insurance	7,045		7,045	20,388		680					28,113
96120	Liability Insurance	2,473		2,473	9,572							12,045
96130	Workmen's Compensation	2,231		2,231	6,332		13,922					22,485
96140	All Other Insurance			-	-							-
96200	Other General Expenses			-	1,034,552			23,339	54,347			1,112,238
96210	Compensated Absences	533		533	(493)		(662)					(622)
96300	Payments in Lieu of Taxes	16,827		16,827	3,447							20,274
96400	Bad Debt - Tenant Rents	602		602	6,835		4,832					12,269
96900	TOTAL OPERATING EXPENSES	425,833	18,966	444,799	2,199,199	16,946	445,445	23,339	54,347	3,300	-	3,187,375
97000	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	(22,368)	53,659	31,291	45,482	211,491	2,919,316	-	-	1,152	-	3,208,732
	Other Expenses:											
97100	Extraordinary Maintenance			-	-							-
97200	Casualty Losses - Non-Capitalized			-	950							950
97300	Housing Assistance Payments			-	-	211,155	2,716,129					2,927,284
97350	Housing Assistance Payments Portability-Ir			-	-							-
97400	Depreciation Expense	76,516		76,516	77,045		2,882					156,443
97500	Fraud Losses			-	-							-
96720	Interest Expense			-	-							-
90000	TOTAL EXPENSES	502,349	18,966	521,315	2,277,194	228,101	3,164,456	23,339	54,347	3,300	-	6,272,052
	Other Financing Sources (Uses)											
10010	Operating Transfers In			-	-							-
10020	Operating Transfers Out			-	-							-
10100	Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	-	-	-
10000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	(98,884)	53,659	(45,225)	(32,513)	336	200,305	-	-	1,152	-	124,055
	Memo Account Information											
11030	Beginning Equity	988,453	285,260	1,273,713	6,602,490	1,387	595,842					8,473,432
11040	Prior Period Adjustments, Equity Transfers	337,860	(337,860)	-	-							-
11040-70	CFP 2009 ARRA Formula		1,152	1,152	-					(1,152)		-
	Ending Equity	1,227,429	2,211	1,229,640	6,569,977	1,723	796,147	-	-	-	-	8,597,487
11190	Unit Months Available	1,008		1,008	2,536	541	6,360		132			10,577
11210	Number of Unit Months Leased	985		985	2,374	541	6,150		48			10,098

MEDINA METROPOLITAN HOUSING AUTHORITY
PHA's Statement and Certification of Actual Modernization Costs
June 30, 2011

Capital Fund Program Number OH12P027501-08

1. The Program Costs are as follows:

Funds Approved	\$93,145
Funds Expended	<u>93,145</u>
Excess (Deficiency) of Funds Approved	<u>\$ -0-</u>
Funds Advanced	\$93,145
Funds Expended	<u>93,145</u>
Excess (Deficiency) of Funds Advanced	<u><u>\$ -0-</u></u>

2. All costs have been paid and there are no outstanding obligations.
3. The Final Financial Status Report was signed and filed on November 22, 2010.
4. The final costs on the certification agree to the Authority's records.

MEDINA METROPOLITAN HOUSING AUTHORITY
PHA's Statement and Certification of Actual Modernization Costs
June 30, 2011

Capital Fund Program Number OH12S027501-09

1. The Program Costs are as follows:

Funds Approved	\$117,903
Funds Expended	<u>117,903</u>
Excess (Deficiency) of Funds Approved	<u>\$ -0-</u>
Funds Advanced	\$117,903
Funds Expended	<u>117,903</u>
Excess (Deficiency) of Funds Advanced	<u>\$ -0-</u>

2. All costs have been paid and there are no outstanding obligations.
3. The Final Financial Status Report was signed and filed on October 8, 2010.
4. The final costs on the certification agree to the Authority's records.

**MEDINA METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<u>Federal Grantor / Pass Through Grantor Program Title</u>	<u>Pass- Through Number</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>			
<i>Direct Funding:</i>			
Shelter Plus Care	N/A	14.238	\$ 228,437
Public and Indian Housing - Low Rent Public Housing	N/A	14.850a	147,094
Section 8 Housing Choice Vouchers	N/A	14.871	3,332,152
Capital Fund Program Cluster:			
Public Housing Capital Fund	N/A	14.872	72,625
ARRA - Public Housing Capital Fund Stimulus (Formula)	N/A	14.885	4,452
Total Capital Fund Program Cluster			<u>77,077</u>
Total U.S. Department of Housing and Urban Development			<u>3,784,760</u>
<u>U.S. Department of Homeland Security</u>			
<i>Passed through the United Way of Medina County:</i>			
Emergency Food and Shelter Program:			
Emergency Food and Shelter National Board Program	N/A	97.024	<u>23,339</u>
Total U.S. Department of Homeland Security			<u>23,339</u>
Total Federal Award Expenditures			<u>\$ 3,808,099</u>

NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES

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



**Independent Auditors' Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

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

We have audited the financial statements of the Medina Metropolitan Housing Authority, Medina County, Ohio (the Authority) as of and for the fiscal year ended June 30, 2011, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated November 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Authority's internal control over financial reporting.

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

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

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
Ten West Locust Street
Newark, Ohio 43055
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Compliance and Other Matters

As part of reasonably assuring whether the Authority's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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

Wilson, Shuman & Snow, Inc.

Newark, Ohio
November 30, 2011



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

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

Compliance

We have audited the compliance of the Medina Metropolitan Housing Authority, Medina County, Ohio (the Authority) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the fiscal year ended June 30, 2011. The summary of auditor's results section of the accompanying schedule of findings identifies the Authority's major federal program. The Authority's management is responsible for complying with the requirements of laws, regulations, contracts and grants applicable to each major federal program. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

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

In our opinion, the Medina Metropolitan Housing Authority, Medina County, complied, in all material respects, with the requirements referred to above that apply to its major federal program for the fiscal year ended June 30, 2011.

Internal Control over Compliance

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

Wilson, Shannon & Snow, Inc.

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

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

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

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

Wilson, Shuman & Snow, Inc.

Newark, Ohio
November 30, 2011

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY**

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

1. SUMMARY OF AUDITOR'S RESULTS

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

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY**

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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Dave Yost • Auditor of State

MEDINA METROPOLITAN HOUSING AUTHORITY

MEDINA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 24, 2012**