

**ADAMS METROPOLITAN
HOUSING AUTHORITY
ADAMS COUNTY, OHIO**

AUDIT REPORT

**FOR THE YEAR ENDED
SEPTEMBER 30, 2012**

James G. Zupka, CPA, Inc.
Certified Public Accountants



Dave Yost • Auditor of State

Board of Directors
Adams Metropolitan Housing Authority
401 East 7th Street
Manchester, Ohio 45144

We have reviewed the *Independent Auditor's Report* of the Adams Metropolitan Housing Authority, Adams County, prepared by James G. Zupka, CPA, Inc., for the audit period October 1, 2011 through September 30, 2012. 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 Adams 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

June 11, 2013

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ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
AUDIT REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2012

TABLE OF CONTENTS

	PAGE
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-9
Basic Financial Statements:	
Statement of Net Assets	10
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds	11
Statement of Cash Flows	12
Notes to the Basic Financial Statements	13-24
Schedule of Expenditures of Federal Awards	25
Supplemental Data:	
Entity Wide Balance Sheet Summary	26
Entity Wide Revenue and Expense Summary	27-28
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	29-30
Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	31-32
Schedule of Findings and Questioned Costs	33
Status of Prior Year Citations and Recommendations	34

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JAMES G. ZUPKA, C.P.A., INC.

Certified Public Accountants

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Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Adams Metropolitan Housing Authority
Manchester, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited the accompanying financial statements of the Adams Metropolitan Housing Authority, Adams County, Ohio as of and for the year ended September 30, 2012, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Adams Metropolitan Housing Authority, Ohio's management. Our responsibility is to express opinions 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Adams Metropolitan Housing Authority, Ohio, as of September 30, 2012, and the respective changes in financial position, and cash flows, where applicable, thereof for the 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 May 3, 2013, on our consideration of the Adams Metropolitan Housing Authority, Ohio's internal control over financial reporting and on our 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical 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 provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Adams Metropolitan Housing Authority, Ohio's basic financial statements as a whole. The accompanying Financial Data Schedules are presented for purposes of additional analysis and is not a required part of the basic financial statements of the Adams Metropolitan Housing Authority. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.


James G. Zupka, CPA, Inc.
Certified Public Accountants

May 3, 2013

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(Unaudited)**

The Management's Discussion and Analysis (MD&A) is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the financial activity of the Adams Metropolitan Housing Authority (the Authority) for the period, (c) identify changes in the Authority's financial position from the previous year, and (d) identify individual fund issues or concerns.

Since the MD&A is designed to focus on the financial activity of the current year, resulting changes, and currently known facts, please read it in conjunction with the Authority's financial statements.

FINANCIAL HIGHLIGHTS

- Total assets were \$4,998,083 and \$5,597,750 in 2012 and 2011, respectively. The Authority-wide statements reflect a decrease in total assets of \$599,667 (or 11 percent) in 2012.
- Revenues decreased from \$2,330,955 in 2011 to \$1,919,803 in 2012, a decrease of 18 percent.
- The total expenses of all Authority programs increased in the current period. Total expenses were \$2,513,751 and \$2,436,949 in 2012 and 2011, respectively, a decrease of \$76,802 (or 3 percent).

USING THIS ANNUAL REPORT

This report includes three major sections, the Management's Discussion and Analysis (MD&A), Basic Financial Statements, and Other Required Supplementary Information.

MD&A - Management Discussion and Analysis -
Basic Financial Statements - Authority-Wide Financial Statements - - Notes to Financial Statements -
Other Required Supplementary Information - Required Supplementary Information - (Other than the MD&A)

ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(Unaudited)

Authority Financial Statements

The Authority's financial statements are designed to be corporate-like in that all business-type activities of the Authority are consolidated into one column that summarizes all financial activity for all the Authority's programs.

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 of the Authority. The Statement is presented in the format where assets, minus liabilities, equals Net Assets, commonly referred to 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, represents the net available liquid (non-capital) assets, net of liabilities, of the Authority. Net assets are reported in three broad categories:

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

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

Unrestricted Net Assets: This component 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's financial statements also include a Statement of Revenues, Expenses, and Changes in Fund Net Assets (similar to an Income Statement). This Statement reports Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, and maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as capital grant revenue, investment income, and interest expense.

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

Finally, the Authority's financial statements also include a Statement of Cash Flows. This Statement reports net cash provided by or used for operating activities, non-operating financial activities, and capital and related financing activities.

ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(Unaudited)

Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar than these for the Authority. The Authority consists exclusively of enterprise funds rather than governmental 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 rather than what is more common in financial statements for other types of governmental entities.

The Authority maintains its accounting records by program consistent with how funding is provided for these programs by the U.S. Department of Housing and Urban Development (HUD).

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 to enable the PHA to provide the housing at a rent that generally is based on 30 percent of household income.

Housing Choice Voucher Program

Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions funding to enable the Authority to provide rental assistance to landlords so participants generally pay 30 percent of household income for rent and utilities.

Capital Fund Program

The Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties. HUD's Capital Fund Program provides grant funds for development, renovation, and construction of Public Housing projects.

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(Unaudited)**

AUTHORITY STATEMENTS

Statement of Net Assets

The following table is a condensed Statement of Net Assets compared to prior year. The Authority is engaged in only business-type activities.

Table 1 - Statement of Net Assets

	2012	2011
<u>Assets</u>		
Current Assets	\$ 386,158	\$ 629,097
Capital Assets	4,611,925	4,968,653
Total Assets	<u>\$ 4,998,083</u>	<u>\$ 5,597,750</u>
<u>Liabilities</u>		
Current Liabilities	\$ 72,275	\$ 117,486
Long-Term Liabilities	95,880	56,388
Total Liabilities	<u>168,155</u>	<u>173,874</u>
<u>Net Assets</u>		
Invested in Capital Assets	4,611,925	4,968,653
Restricted Net Assets	93,030	205,214
Unrestricted Net Assets	124,973	250,009
Total Net Assets	<u>4,829,928</u>	<u>5,423,876</u>
Total Liabilities and Net Assets	<u>\$ 4,998,083</u>	<u>\$ 5,597,750</u>

Major Factors Affecting the Statement of Net Assets

During 2012, current assets decreased by approximately \$243,000. This change most closely corresponds to the reduction in Restricted Net Assets and was caused by management choosing to increase utilization in the Section 8 Housing Choice Voucher program to more fully expend funding provided by HUD to make rental assistance payments on behalf of program participants and to provide assistance to more eligible families under the program. It was compounded by a reduction in HUD funding provided for every agency program addressed in comments about Table 3.

Capital assets decreased by more than \$356,000 which very closely corresponds to the level of depreciation expense in the current period. There were minimal capital additions in the period. For more detail see "Capital Assets" below.

Liabilities in total remained stable. Changes in components of Net Assets is addressed in the following sections.

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(Unaudited)**

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

Table 2- Change in Unrestricted Net Assets	
Beginning Balance at October 1, 2011	\$ 250,009
Change in Net Assets 2012	(593,948)
Adjustments:	
Current Year Depreciation Expense (1)	367,507
Capital Revenue (2)	(10,779)
Change in Restricted Net Assets	112,184
Ending Balance at September 30, 2012	\$ 124,973

- (1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Assets.
- (2) Capital changes impact the component of Net Assets named Invested in Capital Net of Related Debt and, therefore, must be deducted in this calculation.

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

Table 3- Statement of Revenues, Expenses, and Change in Net Assets		
	2012	2011
<u>Revenues</u>		
Tenant Revenue	\$ 140,058	\$ 139,638
Operating Subsidy	1,764,815	1,991,211
Capital Grants	10,779	191,418
Investment Income	310	151
Other Revenues	3,841	8,537
Total Revenues	1,919,803	2,330,955
<u>Expenses</u>		
Administrative	491,325	521,244
Tenant Services	31,127	5,506
Utilities	133,696	117,296
Maintenance	282,180	317,461
General	59,216	77,519
Housing Assistance Payments	1,148,699	990,459
Depreciation	367,508	407,464
Total Expenses	2,513,751	2,436,949
Net Increases (Decreases)	\$ (593,948)	\$ (105,994)

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(Unaudited)**

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

Total revenue decreased from 2011 by 18 percent. The decrease was primarily in Operating Subsidy and Capital Grants revenue. Revenue from HUD for all agency programs dropped from the prior year.

Total expenses increased, but the biggest increase was in HAP Expense. The increase in HAP expense and the impact it had on Restricted Net Assets was addressed in the discussion of Table 1 above. Expenses other than HAP Expense dropped by more than \$81,000 which was primarily the result of actions taken by management to reduce spending to administer agency programs in reaction to HUD funding cuts the agency suffered.

CAPITAL ASSETS

As of year end, the Authority had about \$4,600,000 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (current purchases less depreciation) of about \$357,000 (or 7 percent) from the end of last year. The change in capital assets corresponds closely to the depreciation expense in the period because the agency had only minimal capital additions in the period.

Table 4 - Capital Assets at Year-End (net of Depreciation)

	2012	2011
Land and Land Rights	\$ 379,202	\$ 379,202
Buildings	9,840,258	9,722,980
Equipment - Administrative	191,240	191,240
Equipment - Dwelling	229,391	229,391
Construction-in-Progress	0	106,499
Accumulated Depreciation	<u>(6,028,166)</u>	<u>(5,660,659)</u>
Total	<u><u>\$ 4,611,925</u></u>	<u><u>\$ 4,968,653</u></u>

Table 5 - Change in Capital Assets

Beginning Balance at October 1, 2011	\$4,968,653
Current Year Capital Additions	10,779
Current Year Depreciation Expense	<u>(367,507)</u>
Ending Balance at September 30, 2012	<u><u>\$4,611,925</u></u>

As was discussed in previous periods, depreciation taken on existing assets outpaced capital additions in the period causing a slight reduction in Capital Assets.

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(Unaudited)**

DEBT

As of the year-end, the Authority had no debt.

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the U.S. Department of Housing and Urban Development is subject to cuts due to the tight Federal budget situation.
- Local labor supply and demand, which can affect salary and wage rates.
- Local inflationary, recessionary, and employment trends, which can affect resident incomes and therefore the amount of rental income.
- Inflationary pressure on utility rates, supplies, and other costs.

FINANCIAL CONTACT

The individual to be contacted regarding this report is James R. Bowman III, Executive Director of the Adams Metropolitan Housing Authority, at (937) 549-2648. Specific requests may be submitted to the Adams Metropolitan Housing Authority at 401 East Seventh Street, Manchester, Ohio 45144-1401.

ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 189,074
Restricted Cash	131,380
Receivables, Net	59,859
Prepaid Expenses and Other Assets	<u>5,845</u>
Total Current Assets	<u>386,158</u>

Noncurrent Assets

Non-depreciable Capital Assets	379,202
Depreciable Capital Assets, Net of Depreciation	<u>4,232,723</u>
Total Noncurrent Assets	<u>4,611,925</u>

TOTAL ASSETS **\$ 4,998,083**

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	\$ 21,826
Accrued Liabilities	15,181
Intergovernmental Payables	10,909
Accrued Compensated Absences - Current	8,873
Tenant Security Deposits	<u>15,486</u>
Total Current Liabilities	<u>72,275</u>

Noncurrent Liabilities

Accrued Compensated Absences, Non-Current	73,016
Noncurrent Liabilities - Other	<u>22,864</u>
Total Noncurrent Liabilities	<u>95,880</u>
Total Liabilities	<u>168,155</u>

NET ASSETS

Invested in Capital Assets, Net of Related Debt	4,611,925
Restricted Net Assets	93,030
Unrestricted Net Assets	<u>124,973</u>
Total Net Assets	<u>4,829,928</u>

TOTAL LIABILITIES AND NET ASSETS **\$ 4,998,083**

See accompanying notes to the basic financial statements.

ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

Operating Revenues

Tenant Revenue	\$ 140,058
Government Operating Grants	1,764,815
Other Revenue	3,841
Total Operating Revenues	<u>1,908,714</u>

Operating Expenses

Administrative	491,325
Tenant Services	31,127
Utilities	133,696
Maintenance	282,180
General	59,217
Housing Assistance Payments	1,148,699
Depreciation Expense	367,507
Total Operating Expenses	<u>2,513,751</u>
Operating Income (Loss)	<u>(605,037)</u>

Non-Operating Revenues (Expenses)

Interest and Investment Income	310
Total Non-Operating Revenues (Expenses)	<u>310</u>
Income (Loss) Before Contributions and Transfers	(604,727)

Capital Grants	10,779
Net Increase/(Decrease) in Net Assets	<u>(593,948)</u>

Total Net Assets at Beginning of Year	<u>5,423,876</u>
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Total Net Assets at End of Year	<u>\$ 4,829,928</u>
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See accompanying notes to the basic financial statements.

ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

<u>Cash Flows from Operating Activities</u>	
Operating Grants Received	\$ 1,935,776
Tenant Revenue Received	142,544
Other Revenue Received	3,563
General and Administrative Expenses Paid	(987,118)
Housing Assistance Payments	<u>(1,148,699)</u>
Net Cash Provided by Operating Activities	<u>(53,934)</u>
<u>Cash Flows from Investing Activities</u>	
Interest Earned	<u>310</u>
Net Cash Provided from Investing Activities	<u>310</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Capital Grant Funds Received	10,779
Property and Equipment Purchased	<u>(10,779)</u>
Net Cash Provided by (Used by) Capital and Related Financing Activities	<u>0</u>
Net Increase in Cash	(53,624)
Cash and Cash Equivalents at Beginning of Year	<u>374,078</u>
Cash and Cash Equivalents at End of Period	<u>\$ 320,454</u>
<u>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities</u>	
Net Operating Income (Loss)	\$ (605,037)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation	367,507
(Increase) Decrease in HUD Receivable	170,961
(Increase) Decrease in Other Receivables	2,486
(Increase) Decrease in Prepaid Assets	15,868
Increase (Decrease) in Accounts Payable	(16,029)
Increase (Decrease) in Compensated Absences Payable	7,090
Increase (Decrease) in Accrued Expenses Payable	(368)
Increase (Decrease) in Tenant Security Deposits	(278)
Increase (Decrease) in Non-Current Liabilities - Other	<u>3,866</u>
Net Cash Provided by Operating Activities	<u>\$ (53,934)</u>

See accompanying notes to the basic financial statements.

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

The financial statements of the Adams 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 more significant of the Authority's accounting policies are described below.

Reporting Entity

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

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, in that the financial statements include all organizations, activities, and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

Section 2100 indicates that the reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of a reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(CONTINUED)

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

Reporting Entity (Continued)

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. The financial benefit or burden relationship exists if the primary government a) is entitled to the organization's resources; b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or c) is obligated in some manner for the debt of the organization.

Management believes the financial statements included in this report represent all of the funds of the Authority over which the Authority is financially accountable.

Basis of Presentation

The Authority's basic financial statements consist of a Statement of Net Assets, a Statement of Revenue, Expenses, and Changes in Net Assets, and a Statement of Cash Flows.

Fund Accounting

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

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(CONTINUED)**

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

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 on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements. The Authority has elected not to follow FASB guidance issued after November 30, 1989.

Description of Programs

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

A. **Public Housing Program**

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

B. **Capital Fund Program**

The Capital Fund Program provides funds annually, via a formula, to public housing agencies for capital and management activities, including modernization and development of housing owned by the Authority.

C. **Housing Choice Voucher Program**

The Housing Choice Voucher Program is 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.

Investments

The provisions of HUD Regulations restrict investments. Investments are valued at market value. Interest income earned in fiscal year ending September 30, 2012 totaled \$310.

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(CONTINUED)**

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

Capital Assets

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

Buildings	40 years
Building Improvements	15 years
Furniture, Equipment, and Machinery	3-7 years

Net Assets

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

Operating Revenues and Expenses

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

Capital Contributions

This represents contributions made available to the Authority by HUD, which were used by the Authority to make capital improvements to its federally aided projects.

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.

ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(CONTINUED)

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

Compensated Absences

The Authority accounts for compensated absences in accordance with GASB Statement No. 16. Sick leave and other compensated absences with similar characteristics are accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are expected to receive termination payouts. To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment.

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; and **(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 expense when earned with the amount reported as a fund liability.

Budgetary Accounting

The Authority is required by contractual agreements to adopt annual operating budgets for all of its HUD funded programs. The budgets for its programs are prepared on a HUD basis, which is materially consistent with accounting principles generally accepted in the United States of America. The Board adopts the budget through passage of an Authority budget resolution.

Accounting and Reporting for Non-Exchange Transactions

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

Estimates

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

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(CONTINUED)**

NOTE 2: **DEPOSITS AND INVESTMENTS**

Deposits

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

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

Protection of the Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by collateral held by the 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 September 30, 2012, the carrying amount of the Authority's deposits totaled \$320,454 (including \$125 petty cash and \$75 change fund) and its bank balance was \$340,892. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of September 30, 2012, \$340,892 was covered by Federal Depository Insurance.

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 105 percent of the carrying value of deposits.

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(CONTINUED)**

NOTE 2: **DEPOSITS AND INVESTMENTS** (Continued)

Deposits (Continued)

Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, is held in a single financial institution's collateral pools at Federal Reserve banks, or at member banks of the Federal Reserve system, in the name of the respective depository bank, and pledged as a pool of collateral against all of the public deposits it holds, or as specific collateral held at the Federal Reserve bank in the name of the Authority

NOTE 3: **RESTRICTED CASH AND INVESTMENT**

Restricted cash balance as of September 30, 2012 or \$131,380 represents cash on hand for the following:

FSS Escrow Funds Held for Tenants	\$ 22,864
Tenant Security Deposit	15,486
Cash on Hand - Advance from HUD to be Used for Tenants' Housing Assistance Payments	<u>93,030</u>
Total Restricted Cash and Investment	<u>\$ 131,380</u>

NOTE 4: **CAPITAL ASSETS**

The following is a summary of changes:

	Balance <u>09/30/2011</u>	Reclasses	Additions	Balance <u>09/30/2012</u>
<u>Capital Assets Not Being Depreciated</u>				
Land	\$ 379,202	\$ 0	\$ 0	\$ 379,202
Construction-in-Progress	<u>106,499</u>	<u>(106,499)</u>	<u>0</u>	<u>0</u>
Total Capital Assets Not Being Depreciated	<u>485,701</u>	<u>(106,499)</u>	<u>0</u>	<u>379,202</u>
<u>Capital Assets Being Depreciated</u>				
Buildings and Improvements	9,722,980	106,499	10,779	9,840,258
Furniture, Equipment, and Machinery - Dwelling	229,391	0	0	229,391
Administrative	<u>191,240</u>	<u>0</u>	<u>0</u>	<u>191,240</u>
Total Capital Assets Being Depreciated	<u>10,143,611</u>	<u>106,499</u>	<u>10,779</u>	<u>10,260,889</u>
<u>Accumulated Depreciation</u>				
Buildings and Improvements	(5,305,968)	0	(356,662)	(5,662,630)
Furniture and Equipment	<u>(354,691)</u>	<u>0</u>	<u>(10,845)</u>	<u>(365,536)</u>
Total Accumulated Depreciation	<u>(5,660,659)</u>	<u>0</u>	<u>(367,507)</u>	<u>(6,028,166)</u>
Depreciable Assets, Net	<u>4,482,952</u>	<u>106,499</u>	<u>(356,728)</u>	<u>4,232,723</u>
Total Capital Assets, Net	<u>\$ 4,968,653</u>	<u>\$ 0</u>	<u>\$ (356,728)</u>	<u>\$ 4,611,925</u>

ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(CONTINUED)

NOTE 5: **PENSION PLAN**

Ohio Public Employees Retirement System

All Authority full-time employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans, as described below:

- The Traditional Pension Plan (TP) - a cost sharing, multiple-employer defined benefit pension plan;
- The Member-Directed Plan (MD) - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings;
- The Combined Plan (CO) - a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of both the Traditional Pension and Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6701 or 1-800-222-7377, or by using the OPERS website at www.opers.org.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2010 - 2011, member and employer contribution rates were consistent across all three plans (TP, MD, and CO). Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. The employer pension contribution rate for the Authority was 14.00 percent of covered payroll. The Authority's required contributions to OPERS for the years ended September 30, 2012, 2011, and 2010 were \$46,772, \$45,878, and \$43,825, respectively.

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(CONTINUED)**

NOTE 6: **POST-EMPLOYMENT BENEFITS**

A. Plan Description

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the Traditional Pension Plan - a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan - a defined contribution plan; and the Combined Plan - a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 1-800-222-7377.

B. Funding Policy

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

ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(CONTINUED)

NOTE 6: **POST-EMPLOYMENT BENEFITS**

B. **Funding Policy** (Continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In fiscal year ending 2011, 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 contributions allocated to health care for members in the Traditional Plan was 4.0 percent for the year ended September 30, 2012.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Authority contributions for the year ended September 30, 2012, 2011, and 2010 which were used to fund post-employment benefits were \$13,363, \$13,927, and \$16,304, 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.

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(CONTINUED)**

NOTE 7: COMPENSATED ABSENCES

Vacation and sick leave policies are established by the Board of the Authority and are based on local and state laws. All permanent employees will earn 4.6 hours of sick leave per eighty (80) hours of service. Unused sick leave may accumulated without limit. At the time of retirement, employees shall be paid the value of twenty-five (25) percent of unused sick leave subject to a maximum payment equal to sixty (60) days of sick leave. All permanent employees will earn vacation hours accumulated based on length of service. Employees will be paid for all unused vacation time upon their separation from service.

The following is a summary of changes in compensated absences for the year ended September 30, 2012:

	Balance			Balance	Due
	<u>09/30/11</u>	<u>Additions</u>	<u>Used</u>	<u>09/30/12</u>	<u>Within</u>
					<u>One Year</u>
Compensated Leave	<u>\$ 74,799</u>	<u>\$ 25,360</u>	<u>\$ 18,270</u>	<u>\$ 81,889</u>	<u>\$ 8,873</u>

NOTE 8: NON-CURRENT LIABILITIES - OTHER

The Non-Current Liabilities - Other reported on the financial statements of \$22,864 represents money held in escrow for the participants in the Family Self-Sufficiency (FSS) Program. Since participants are in the Program for as long as 5 years, monies held in escrow are reported as a non-current liability.

NOTE 9: NOTES TO THE 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.

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(CONTINUED)**

NOTE 10: **RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. During fiscal year ending September 30, 2012, the Authority maintained comprehensive insurance coverage with private carriers for health, real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

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

NOTE 11: **CONTINGENCIES**

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 recaptures amounts would not have a material adverse effect on the overall financial position of the Authority at September 30, 2012.

Litigations and Claims

In the normal course of operations, the Authority may be subject to litigation and claims. At September 30, 2012, the Authority was not aware of any such matters that would have a material effect on the financial statements.

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Expenditures
<u>U.S. Department of Housing and Urban Development</u>		
<i>Direct Programs:</i>		
Public Housing Programs		
Low Rent Public Housing Program	14.850	\$ <u>497,220</u>
Section 8 Tenant Based Programs		
Section 8 Housing Choice Voucher Program	14.871	<u>1,219,484</u>
Public Housing Capital Fund Program		
Public Housing Capital Fund Program	14.872	<u>58,890</u>
Total Expenditures of Federal Awards		<u>\$ 1,775,594</u>

This schedule is prepared on the accrual basis of accounting.

ADAMS METROPOLITAN HOUSING AUTHORITY
ENTITY WIDE BALANCE SHEET SUMMARY
SEPTEMBER 30, 2012

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
111 Cash - Unrestricted	32,677	156,397	189,074		189,074
113 Cash - Other Restricted		115,894	115,894		115,894
114 Cash - Tenant Security Deposits	15,486		15,486		15,486
100 Total Cash	48,163	272,291	320,454	0	320,454
125 Accounts Receivable - Miscellaneous	44,455		44,455		44,455
126 Accounts Receivable - Tenants	12,546		12,546		12,546
126.1 Allowance for Doubtful Accounts - Tenants	-4,510		-4,510		-4,510
128 Fraud Recovery	5,924	3,434	9,358		9,358
128.1 Allowance for Doubtful Accounts - Fraud	-990	-1,000	-1,990		-1,990
120 Total Receivables, Net of Allowances for Doubtful Accounts	57,425	2,434	59,859	0	59,859
142 Prepaid Expenses and Other Assets	5,845		5,845		5,845
144 Inter Program Due From	110,968		110,968	-110,968	0
150 Total Current Assets	222,401	274,725	497,126	-110,968	386,158
161 Land	379,202		379,202		379,202
162 Buildings	9,840,258		9,840,258		9,840,258
163 Furniture, Equipment & Machinery - Dwellings	229,391		229,391		229,391
164 Furniture, Equipment & Machinery - Administration	140,662	50,578	191,240		191,240
166 Accumulated Depreciation	-5,977,588	-50,578	-6,028,166		-6,028,166
160 Total Capital Assets, Net of Accumulated Depreciation	4,611,925	0	4,611,925	0	4,611,925
180 Total Non-Current Assets	4,611,925	0	4,611,925	0	4,611,925
190 Total Assets	4,834,326	274,725	5,109,051	-110,968	4,998,083
312 Accounts Payable <= 90 Days	21,826		21,826		21,826
321 Accrued Wage/Payroll Taxes Payable	13,039	2,142	15,181		15,181
333 Accounts Payable - Other Government	10,909		10,909		10,909
341 Tenant Security Deposits	15,486		15,486		15,486
342 Deferred Revenues		8,873	8,873		8,873
347 Inter Program - Due To		110,968	110,968	-110,968	0
310 Total Current Liabilities	61,260	121,983	183,243	-110,968	72,275
353 Non-current Liabilities - Other		22,864	22,864		22,864
354 Accrued Compensated Absences - Non Current	46,552	26,464	73,016		73,016
350 Total Non-Current Liabilities	46,552	49,328	95,880	0	95,880
300 Total Liabilities	107,812	171,311	279,123	-110,968	168,155
508.1 Invested In Capital Assets, Net of Related Debt	4,611,925		4,611,925		4,611,925
511.1 Restricted Net Assets		93,030	93,030		93,030
512.1 Unrestricted Net Assets	114,589	10,384	124,973		124,973
513 Total Equity/Net Assets	4,726,514	103,414	4,829,928	0	4,829,928
600 Total Liabilities and Equity/Net Assets	4,834,326	274,725	5,109,051	-110,968	4,998,083

**ADAMS METROPOLITAN HOUSING AUTHORITY
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	Project Total	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	132,609		132,609		132,609
70400 Tenant Revenue - Other	7,449		7,449		7,449
70500 Total Tenant Revenue	140,058	0	140,058	0	140,058
70600 HUD PHA Operating Grants	545,331	1,219,484	1,764,815		1,764,815
70610 Capital Grants	10,779		10,779		10,779
71100 Investment Income - Unrestricted	310		310		310
71400 Fraud Recovery		2,614	2,614		2,614
71500 Other Revenue	1,205	22	1,227		1,227
70000 Total Revenue	697,683	1,222,120	1,919,803	0	1,919,803
91100 Administrative Salaries	148,038	81,737	229,775		229,775
91200 Auditing Fees	5,649	2,783	8,432		8,432
91500 Employee Benefit Contributions - Administrative	112,805	69,313	182,118		182,118
91600 Office Expenses	28,302	21,395	49,697		49,697
91700 Legal Expense	525		525		525
91800 Travel	4,447	4,220	8,667		8,667
91900 Other	10,377	1,734	12,111		12,111
91000 Total Operating - Administrative	310,143	181,182	491,325	0	491,325
92100 Tenant Services - Salaries		18,641	18,641		18,641
92300 Employee Benefit Contributions - Tenant Services		12,486	12,486		12,486
92500 Total Tenant Services	0	31,127	31,127	0	31,127
93100 Water	112,200		112,200		112,200
93200 Electricity	19,987		19,987		19,987
93300 Gas	1,509		1,509		1,509
93000 Total Utilities	133,696	0	133,696	0	133,696
94100 Ordinary Maintenance and Operations - Labor	95,079		95,079		95,079
94200 Ordinary Maintenance and Operations - Materials and Other	39,715		39,715		39,715
94300 Ordinary Maintenance and Operations Contracts	74,060		74,060		74,060
94500 Employee Benefit Contributions - Ordinary Maintenance	73,326		73,326		73,326
94000 Total Maintenance	282,180	0	282,180	0	282,180
96110 Property Insurance	40,089		40,089		40,089
96120 Liability Insurance		209	209		209
96100 Total Insurance Premiums	40,089	209	40,298	0	40,298
96210 Compensated Absences		1,505	1,505		1,505
96400 Bad debt - Tenant Rents	17,413		17,413		17,413
96000 Total Other General Expenses	17,413	1,505	18,918	0	18,918
96900 Total Operating Expenses	783,521	214,023	997,544	0	997,544
97000 Excess of Operating Revenue over Operating Expenses	-85,838	1,008,097	922,259	0	922,259

**ADAMS METROPOLITAN HOUSING AUTHORITY
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	Project Total	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
97300 Housing Assistance Payments		1,148,699	1,148,699		1,148,699
97400 Depreciation Expense	367,508		367,508		367,508
90000 Total Expenses	1,151,029	1,362,722	2,513,751	0	2,513,751
10010 Operating Transfer In	47,661		47,661		47,661
10020 Operating transfer Out	-47,661		-47,661		-47,661
10091 Inter Project Excess Cash Transfer In	50,000		50,000		50,000
10092 Inter Project Excess Cash Transfer Out	-50,000		-50,000		-50,000
10100 Total Other Financing Sources (Uses)	0	0	0	0	0
			0		0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-453,346	-140,602	-593,948	0	-593,948
			0		0
11030 Beginning Equity	5,179,860	244,016	5,423,876		5,423,876
11170 Administrative Fee Equity		10,384	10,384		10,384
11180 Housing Assistance Payments Equity		93,030	93,030		93,030
11190 Unit Months Available	1,692	3,456	5,148		5,148
11210 Number of Unit Months Leased	1,641	3,521	5,162		5,162
11270 Excess Cash	97,861		97,861		97,861
11620 Building Purchases	10,779		10,779		10,779

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

Board of Directors
Adams Metropolitan Housing Authority
Manchester, Ohio

Regional Inspector General for Audit
Department of Housing and Urban
Development

We have audited the financial statements of the Adams Metropolitan Housing Authority, Ohio, as of and for the year ended September 30, 2012, and have issued our report thereon dated May 3, 2013. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Adams Metropolitan Housing Authority, Ohio, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Adams Metropolitan Housing Authority, Ohio's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Adams Metropolitan Housing Authority, Ohio's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Adams Metropolitan Housing Authority, Ohio'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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Adams Metropolitan Housing Authority, Ohio's financial statements will not be prevented, or detected and corrected on a timely basis.


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 to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Adams Metropolitan Housing Authority, Ohio, in a separate letter dated May 3, 2013.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.


James G. Zupka, CPA, Inc.
Certified Public Accountants

May 3, 2013

JAMES G. ZUPKA, C.P.A., INC.

Certified Public Accountants

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**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133**

Board of Directors
Adams Metropolitan Housing Authority
Manchester, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Compliance

We have audited the Adams Metropolitan Housing Authority, Ohio's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Adams Metropolitan Housing Authority, Ohio's major federal programs for the year ended September 30, 2012. The Adams Metropolitan Housing Authority, Ohio's major federal programs are identified in the Summary of Auditor's Results 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 the Adams Metropolitan Housing Authority, Ohio's management. Our responsibility is to express an opinion on the Adams Metropolitan Housing Authority, Ohio'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 *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 we 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 Adams Metropolitan Housing Authority, Ohio's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Adams Metropolitan Housing Authority, Ohio's compliance with those requirements.

In our opinion, the Adams Metropolitan Housing Authority, Ohio, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2012.

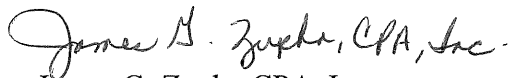
Internal Control Over Compliance

Management of the Adams Metropolitan Housing Authority, Ohio, 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 Adams Metropolitan Housing Authority, Ohio'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 our 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, we do not express an opinion on the effectiveness of the Adams Metropolitan Housing Authority, Ohio'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.

Our 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. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.


James G. Zupka CPA, Inc.
Certified Public Accountants

May 3, 2013

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 & .505
SEPTEMBER 30, 2012**

1. SUMMARY OF AUDITOR'S RESULTS

2012(i)	Type of Financial Statement Opinion	Unqualified
2012(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
2012(ii)	Were there any significant deficiencies in internal control reported at the financial statements level (GAGAS)?	No
2012(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2012(iv)	Were there any material internal control weakness conditions reported for major Federal programs?	No
2012(iv)	Were there any other significant deficiency conditions reported for major Federal programs?	No
2012(v)	Type of Major Programs' Compliance Opinion	Unqualified
2012(vi)	Are there any reportable findings under .510?	No
2012(vii)	Major Programs (list): Housing Choice Voucher Program - CFDA #14.871 Public Housing Program - CFDA # 14.850	
2012(viii)	Dollar Threshold: Type A\B Programs	Type A: >\$ 300,000 Type B: all others
2012(ix)	Low Risk Auditee?	No

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
STATUS PRIOR YEAR CITATIONS AND RECOMMENDATIONS
SEPTEMBER 30, 2012**

The prior audit report, as of September 30, 2011, included management letter recommendations. The management letter recommendations have been repeated, corrected, or procedures instituted to prevent occurrences in this audit period.



Dave Yost • Auditor of State

ADAMS METROPOLITAN HOUSING AUTHORITY

ADAMS 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
JUNE 25, 2013**