

Harrison Metropolitan Housing Authority

Financial Statements

For the Year Ended March 31, 2007



Mary Taylor, CPA

Auditor of State

Board of Directors
Harrison Metropolitan Housing Authority
82450 Cadiz-Jewett Road
PO Box 146
Cadiz, Ohio 43907

We have reviewed the *Independent Auditors' Report* of the Harrison Metropolitan Housing Authority, Harrison County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period April 1, 2006 through March 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

November 13, 2007

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HARRISON METROPOLITAN HOUSING AUTHORITY
AUDIT REPORT
FOR THE YEAR ENDED MARCH 31, 2007

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Independent Auditors' Report

Board of Directors
Harrison Metropolitan Housing Authority

I have audited the accompanying financial statements of the business-type activities of Harrison Metropolitan Housing Authority, Ohio, as of and for the year ended March 31, 2007, which collectively comprise the Authority basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Harrison Metropolitan Housing Authority, Ohio, management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Harrison Metropolitan Housing Authority, Ohio, as of March 31, 2007, and the respective change in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated September 28, 2007, on my consideration of Harrison Metropolitan Housing Authority, Ohio's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the result of my audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United State of America. I have applied certain limited procedures, which consisted principally of inquiry of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion thereon.

My Audit was performed for the purpose of forming and opinion on the financial statements that collectively comprise the Harrison Metropolitan Housing Authority basic financial statements. The schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government and Non-Profit Organizations* and is not a required part of the financial statements. The combining financial data schedule ("FDS") is presented for purposes additional analysis as required by the Department of Housing and Urban Development and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respect in relation to the basic financial statements taken as a whole.

Salvatore Consiglio, CPA, Inc.

September 28, 2007

HARRISON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2007

Unaudited

The Harrison Metropolitan Housing Authority (“the Authority”) 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 Authority’s financial activity, (c) identify changes in the Authority’s position, and (d) identify individual fund issues or concerns.

Since the 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 statement.

FINANCIAL HIGHLIGHTS

- Net assets were \$2,910,031 and \$3,004,334 for the fiscal year ending March 31, 2007 and 2006, respectively. The Authority’s net assets decreased by \$94,303 or 3.14% during 2007. This decrease is reflective of the year’s activity.
- Revenues decreased by \$74,439 during 2006, and were \$1,359,335 and \$1,433,774 for 2007 and 2006, respectively.
- The total expenses of all Authority programs decreased by \$38,945. Total Expenses were \$1,453,638 and \$1,492,583 for 2007 and 2006, respectively.

Authority Financial Statements

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

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

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

HARRISON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2007

Unaudited

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

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

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

The Authority financial statements also include a Statement of Revenues, Expenses and Changes in Fund Net Assets (similar to an Income Statement). This Statement includes Operating Revenue, 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.

Fund Financial Statements

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

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

HARRISON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2007

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The Authority's Programs

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

Capital Fund Program (CFP) – This is the current primary funding source for the Authority's physical and management improvements. While the formula funding methodology used for the CGP was revised for the CFP, funds are still provided by formula allocation and based on size and age of your units.

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30% of household income.

State and Local Program – The State and Local Program represents the Authority's endeavors to expand operations through Enterprise Housing. Enterprise Housing consists of a duplex home owned and rented by the Authority.

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

HARRISON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2007

Unaudited

AUTHORITY STATEMENTS

Statement of Net Assets

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

TABLE 1

STATEMENT OF NET ASSETS

	<u>2007</u>	<u>2006</u>
Current Assets	\$ 368,811	\$ 393,214
Capital Assets	2,278,804	2,375,165
Noncurrent Assets	<u>1,139,368</u>	<u>1,108,981</u>
 Total Assets	 <u>\$ 3,786,983</u>	 <u>\$ 3,877,360</u>
 Current Liabilities	 \$ 105,645	 \$ 88,812
Long-Term Liabilities	<u>771,307</u>	<u>784,214</u>
 Total Liabilities	 <u>876,952</u>	 <u>873,026</u>
 Net Assets:		
Investment in Capital Assets, net of Related Debt	1,494,902	1,578,561
Restricted Net Assets	60,558	49,720
Unrestricted Net Assets	<u>1,354,571</u>	<u>1,376,053</u>
 Total Net Assets	 <u>2,910,031</u>	 <u>3,004,334</u>
 Total Liabilities and Net Assets	 <u>\$ 3,786,983</u>	 <u>\$ 3,877,360</u>

HARRISON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2007

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Major Factors Affecting the Statement of Net Assets

During the fiscal year 2007, current assets decreased by \$24,403, and current liabilities increased by \$16,833. The change in these accounts was mainly due to the result of operation.

Capital assets also changed, decreasing from \$2,375,165 to \$2,278,804. The \$96,361 decrease may be contributed primarily to a combination of total acquisitions of \$28,280 and construction in progress of \$22,507, less current year depreciation of \$146,943.

Non-current assets increased by the \$30,387. This increase represents security interest accrued in the property of Bingham Terrace Limited Partnership.

The following table presents details on the change in Net Assets.

TABLE 2

CHANGE OF NET ASSETS

	Investment in Capital Assets	Restricted Net Assets	Unrestricted Net Assets
Beginning Balance - March 31, 2006	\$1,578,561	\$49,720	\$1,376,053
Results of Operation	0	0	(94,303)
Adjustments:			
Current year Depreciation Expense (1)	(146,943)	0	146,943
Capital Expenditure (2)	50,582	0	(50,582)
Current year Debt Activities, Net	12,702	0	(12,702)
Prior Period Adjustment	0	0	0
Transfer to Restricted Net Assets	0	10,838	(10,838)
Ending Balance - March 31, 2007	<u>\$1,494,902</u>	<u>\$60,558</u>	<u>\$1,354,571</u>

HARRISON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2007

Unaudited

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Net Assets provides a clearer presentation of financial position.

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

TABLE 3

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	<u>2007</u>	<u>2006</u>
<u>Revenues</u>		
Total Tenant Revenues	\$ 187,127	\$ 193,348
Operating Subsidies	1,001,261	1,024,124
Capital Grants	32,750	30,920
Investment Income	42,847	35,639
Other Revenues	95,350	149,743
Total Revenues	1,359,335	1,433,774
 <u>Expenses</u>		
Administrative	286,025	338,229
Utilities	62,819	54,934
Maintenance	132,086	117,208
General and Interest Expenses	50,003	51,822
Housing Assistance Payments	775,762	750,211
Depreciation	146,943	180,179
Total Expenses	1,453,638	1,492,583
Net Increases (Decreases)	\$ (94,303)	\$ (58,809)

HARRISON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2007

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

Tenant revenue decreased (\$6,221) slightly during 2007 in comparison to 2006. Operating subsidy and capital grant funds also declined slightly. This decrease was primarily due to lower level of activities in the areas of capital improvements.

The expenses decreased (\$38,945) moderately due to cost cutting measure taking during the year. Housing assistance payments increased by \$25,551 during the fiscal year; this was due to increase in vouchers served. During the fiscal year the Authority was 98.71% leased-up in the Housing Choice Voucher Program.

CAPITAL ASSETS

Capital Assets

As of year-end, the Authority had \$2,278,804 invested in a variety of capital assets as reflected in the following schedule, which represents a net increase of \$96,361 or 4% from the end of last year.

TABLE 4

CAPITAL ASSETS AT YEAR-END (NET OF DEPRECIATION)

	<u>2007</u>	<u>2006</u>
Land and Land Rights	\$ 140,679	\$ 140,679
Buildings	4,650,368	4,640,145
Equipment	216,779	198,927
Accumulated Depreciation	(2,751,529)	(2,604,586)
Construction in Progress	<u>22,507</u>	<u>-</u>
Total	<u><u>\$ 2,278,804</u></u>	<u><u>\$ 2,375,165</u></u>

HARRISON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2007

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The following reconciliation identifies the change in Capital Assets.

TABLE 5

CHANGE IN CAPITAL ASSETS

Beginning Balance - March 31, 2006	\$	2,375,165
Current year Additions		50,582
Current year Depreciation Expense		<u>(146,943)</u>
 Ending Balance - March 31, 2007	 \$	 <u><u>2,278,804</u></u>
 Current year Additions are summarized as follows:		
- Steiner Tractor	\$	8,364
- Snow Plow		3,970
- Various other small items		2,093
- Boilers		4,893
- Parking Lot - Concreate work		8,755
- Construction in Progress		<u>22,507</u>
 Total 2005 Additions	 \$	 <u><u>50,582</u></u>

Debt Outstanding

As of year-end, the Authority has \$783,902 in debt (mortgages) outstanding compared to \$796,604 last year.

TABLE 6

CONDENSED STATEMENT OF CHANGES IN DEBT OUTSTANDING

Beginning Balance - March 31, 2006	\$	796,604
Current Year Principal Payments		<u>(12,702)</u>
 Ending Balance - March 31, 2007	 \$	 <u><u>783,902</u></u>

HARRISON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2007

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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
- Inflationary pressure on utility rates, supplies and other costs

IN CONCLUSION

Harrison Metropolitan Housing Authority takes great pride in its financial management and is pleased to report on the sound financial condition of the Authority.

FINANCIAL CONTACT

The individual to be contacted regarding this report is Danielle Manbeck, Finance Officer of the Harrison Metropolitan Housing Authority. Specific requests may be submitted to Danielle Manbeck, Finance Officer, Harrison Metropolitan Housing Authority, and P.O. Box 146 Cadiz, OH 43907

HARRISON METROPOLITAN HOUSING AUTHORITY

Statement of Net Assets

Proprietary Funds

March 31, 2007

ASSETS

Current assets

Cash and cash equivalents	\$331,770
Receivables, net	8,142
Prepaid expenses and other assets	28,899
Total current assets	<u>368,811</u>

Noncurrent assets

Capital assets:	
Land	140,679
Building and equipment	4,867,147
Construction in Progress	22,507
Less accumulated depreciation	<u>(2,751,529)</u>
Capital assets, net	2,278,804
Other noncurrent assets	<u>1,139,368</u>
Total noncurrent assets	<u>3,418,172</u>
Total assets	<u><u>\$3,786,983</u></u>

LIABILITIES

Current liabilities

Accounts payable	\$7,018
Accrued liabilities	44,648
Intergovernmental payables	8,944
Tenant security deposits	18,361
Deferred revenue	14,079
Bonds, notes, and loans payable	<u>12,595</u>
Total current liabilities	<u>105,645</u>

Noncurrent liabilities

Bonds, notes, and loans payable	<u>771,307</u>
Total noncurrent liabilities	<u>771,307</u>
Total liabilities	<u><u>\$876,952</u></u>

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

HARRISON METROPOLITAN HOUSING AUTHORITY
Statement of Net Assets (Continued)
Proprietary Funds
March 31, 2007

NET ASSETS

Invested in capital assets, net of related debt	\$1,494,902
Restricted net assets	60,558
Unrestricted net assets	1,354,571
Total net assets	<u><u>\$2,910,031</u></u>

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

HARRISON METROPOLITAN HOUSING AUTHORITY
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended March 31, 2007

OPERATING REVENUES

Tenant Revenue	\$187,127
Government operating grants	1,001,261
Other revenue	95,350
Total operating revenues	<u>1,283,738</u>

OPERATING EXPENSES

Administrative	286,025
Utilities	62,819
Maintenance	132,086
General	34,109
Housing assistance payment	775,762
Depreciation	146,943
Total operating expenses	<u>1,437,744</u>
Operating income (loss)	<u>(154,006)</u>

NONOPERATING REVENUES (EXPENSES)

Interest and investment revenue	42,847
Interest expense	(15,894)
Total nonoperating revenues (expenses)	<u>26,953</u>
Income (loss) before contributions and transfers	(127,053)
Capital grants	32,750
Change in net assets	(94,303)
Total net assets - beginning	3,004,334
Total net assets - ending	<u><u>\$2,910,031</u></u>

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

HARRISON METROPOLITAN HOUSING AUTHORITY
Statement of Cash Flows
Proprietary Funds
For the Year Ended March 31, 2007

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating grants received	\$998,642
Tenant revenue received	185,720
Other revenue received	95,350
General and administrative expenses paid	(540,155)
Housing assistance payments	<u>(775,762)</u>
Net cash provided (used) by operating activities	<u>(36,205)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earned received	<u>42,847</u>
Net cash provided (used) by investing activities	<u>42,847</u>
CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES	
Capital grant funds received	32,750
Property and equipment purchased	<u>(50,582)</u>
Net cash provided (used) by capital and related activities	<u>(17,832)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Interest Payment	(15,894)
Principal Payment	<u>(12,702)</u>
Net cash provided (used) by financing activities	<u>(28,596)</u>
Net increase (decrease) in cash	(39,786)
Cash and cash equivalents - Beginning of year	<u>371,556</u>
Cash and cash equivalents - End of year	<u><u>\$331,770</u></u>

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

HARRISON METROPOLITAN HOUSING AUTHORITY
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended March 31, 2007

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

Net Operating Income (Loss)	(\$154,006)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities	
- Depreciation	146,943
- (Increases) Decreases in Accounts Receivable	(4,026)
- (Increases) Decreases in Other Non-Current Assets	(30,387)
- (Increases) Decreases in Prepaid Assets	(11,357)
- Increases (Decreases) in Accounts Payable	(2,692)
- Increases (Decreases) in Accrued Expenses Payable	3,127
- Increases (Decreases) in Compensated Absence Payable	8,651
- Increases (Decreases) in Deferred Revenue	5,322
- Increases (Decreases) in Tenant Security Deposits	2,220
Net cash provided by operating activities	(\$36,205)

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

HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

The basic financial statements of the Harrison Metropolitan Housing Authority (the Authority) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

Reporting Entity

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

The accompanying basic financial statements comply with the provision of Governmental Accounting Standards Board (GASB) Statement 14, the Financial Reporting Entity, in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

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

HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 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. 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.

HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007
(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 after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

Description of programs

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

A. **Public Housing Program**

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

B. **Capital Fund Program**

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

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. **State / Local**

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

HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. USDA Rural Development

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

Investments

The provisions of the HUD Regulations restrict investments. Investments are valued at market value. Interest income earned in fiscal year ending March 31, 2007 totaled \$42,847.

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 \$250 or more per unit. Depreciation is calculated using the straight-line method over the estimated useful lives of three years to forty years. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized.

Net Assets

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

Operating Revenues and Expenses

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

Capital Contributions

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

HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 absence accrual amount.

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: (1) the employees' rights to receive compensation are attributable to services already rendered and are not contingent on a specific event that is outside the control of the employer and employee. (2) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

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

Budgetary Accounting

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

Estimates

The preparation of financial statements in conformity with 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.

HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007
(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 withdrawal 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 period of designation of depositories. Inactive deposits must either be evidenced by certificate of deposits maturing not later than the end of the current period of designation of the 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 end of the current period of designation of depositories. Interim deposits must be evidenced by time certificate 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 March 31, 2007, the carrying amount of the Authority's deposits totaled \$331,770 and its bank balance was \$357,574. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of March 31, 2007, \$257,574 was exposed to custodial risk as discussed below, while \$100,000 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.

HARRISON METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2007
 (CONTINUED)

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

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

NOTE 3: 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 March 31, 2007 the Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

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 4: CAPITAL ASSETS

The following is a summary of changes:

	Balance			Balance
	03/31/06	Additions	Deletion	03/31/07
Capital Assets Not Depreciated:				
Land	\$140,679	\$0	\$0	\$140,679
Construction in Progress	0	22,507	0	22,507
Total Capital Assets Not Being Depreciated	140,679	22,507	0	163,186

HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007
(CONTINUED)

NOTE 4: CAPITAL ASSETS (Continued)

	Balance 03/31/06	Additions	Deletion	Balance 03/31/07
Capital Assets Being Depreciated:				
Buildings	4,640,145	10,223	0	4,650,368
Furnt, Mach. & Equip. - Dwelling	50,169	1,627	0	51,796
Furnt, Mach. & Equip. - Admin	148,758	16,225	0	164,983
Total Capital Assets Being Depreciated	4,839,072	28,075	0	4,867,147
Accumulated Depreciation:				
Buildings	(2,429,296)	(146,564)	0	(2,575,860)
Furnt, Mach. & Equip. - Dwelling	(71,335)	(362)	0	(71,697)
Furnt, Mach. & Equip. - Admin	(103,955)	(17)	0	(103,972)
Total Accumulated Depreciation	(2,604,586)	(146,943)	0	(2,751,529)
Total Capital Assets Being Depreciated, Net	2,234,486	(118,868)	0	2,115,618
Total Capital Assets, Net	\$2,375,165	(\$96,361)	\$0	\$2,278,804

NOTE 5: DEFINED BENEFIT PENSION PLANS -PUBLIC EMPLOYEES RETIREMENT SYSTEM

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 provide basic retirement, disability and survivor benefits, based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. OPERS issue 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 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or (800) 222-PERS.

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

HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007
(CONTINUED)

**NOTE 5: DEFINED BENEFIT PENSION PLANS -PUBLIC EMPLOYEES
RETIREMENT SYSTEM (Continued)**

- 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.

Plan members are required to contribute 9.0% for the period April 1, 2006 through December 31, 2006 and 9.5% from January 1, 2007 forward, of their annual covered salary to fund pension obligations. The 2006 employer pension contribution rate for Authority was 13.7% for the period April 1, 2006 through December 31, 2006 and 13.85% from January 1, 2007 forward. Contributions are authorized by state statute. The contribution rates are determined actuarially. The Authority's contribution for the years ended March 31, 2007, 2006, and 2005 amounted to \$31,186, \$30,647 and \$29,617 respectively. The full amount has been contributed for all three years.

**NOTE 6: POSTEMPLOYMENT BENEFITS PUBLIC EMPLOYEES
RETIREMENT SYSTEM**

The Public Employees Retirement System of Ohio (OPERS) provides post-employment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. The health care coverage provided by the OPERS is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the OPERS is set aside for the funding of post retirement health care.

The Ohio Revised Code provides statutory Authority requiring public employers to fund post-employment health care through their contributions to the OPERS. The portion of the 2006 employer contribution rate

HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007
(CONTINUED)

**NOTE 6: POSTEMPLOYMENT BENEFITS PUBLIC EMPLOYEES
RETIREMENT SYSTEM (Continued)**

(identified above) that was used to fund health care for the year ended December 31, 2006 was 4.0 percent of covered payroll, which amounted to \$9,078. The significant actuarial assumptions and calculations relating to post-employment health care benefits were based on the OPERS' latest actuarial review performed as of December 31, 2005. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25 percent of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2005 was 6.5 percent. An annual increase of 4.0 percent compounded annually is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0 percent base increase, were assumed to range from 0.50 percent to 6.3 percent. Health care costs were assumed to increase at a project wage inflation rate plus an additional factor ranging from .5% to 6% for the next 9 years. In subsequent years (10 and beyond), health care costs were assumed to increase at 4% (the projected wage inflation rate).

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 369,214. The actuarial value of the OPERS' net assets available for OPEB at December 31, 2006 was \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$31.3 billion and \$20.2 billion, respectively.

OPERS Retirement Board Implemented its Health Care Preservation Plan (HCPP). HCPP was adopted on September 9, 2004, and is effective on January 1, 2007. In addition, OPERS created a separate investment pool for health care assets. Members and employers contribution rates increases in January 1, 2006 and in 2007 will allow additional funds to be allocated to the health care plan.

NOTE 8: LONG TERM DEBT

Harrison Metropolitan Housing Authority has the following Mortgages outstanding as of March 31, 2007:

Dunfee Court

A first and second mortgage with the United State Department of Agriculture, Rural Housing Service for a 12 unit project.

HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007
(CONTINUED)

NOTE 8: LONG TERM DEBT (Continued)

- Original loan amount \$373,300 dated January 30, 1985. Term of the loan is 50 years with interest rate of 10.75%. The interest rate was discounted to 1%. Balance outstanding as of March 31, 2007 is \$215,818.
- Second loan amount \$23,580 dated April 25, 1985. Term of the loan is 50 years with an interest rate of 11.875%. The interest rate is discounted to 1%. Balance outstanding as of March 31, 2007 of \$14,305.

Gable Estate

United State Department of Agriculture, Rural Housing Service loan for a 16 unit project. The amount of the loan was \$541,516 dated April 21, 1993. The term of the loan is 50 years with interest rate of 7.75%, discounted to 1%. The outstanding balance as of March 31, 2007 is \$519,594.

Muskingum Street Duplex

During the fiscal year, Harrison Metropolitan Housing Authority refinanced the existing National City Bank loan with a loan with Sky Bank. The loan was to finance the mortgage of the real property located in South Muskingum Ave. The amount of the new loan is \$42,930 with a 15 year term. The first 60 months bears an interest rate of 6.25%. Thereafter, the interest rate will change from time to time based on changes of the United States Treasury Securities adjusted to a constant maturity of five years as made available by the Federal Reserve Bank.

Balance outstanding on March 31, 2007 is \$34,185.

The following is a summary of change in long-term debt for the year ended March 31, 2007:

Description	Balance 3/31/06	Issued	Retired	Balance 3/31/07	Due with Year
1 st Mortgage Dunfee Court	\$223,307	\$ 0	\$7,489	\$215,818	\$7,319
2 nd Mortgage Dunfee Court	14,772	0	467	14,305	442
Gable Estate	522,129	0	2,535	519,594	2,584
Muskingum Duplex	36,396	0	2,211	34,185	2,250
TOTAL	\$796,604	\$ 0	\$12,702	\$783,902	\$12,595

HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007
(CONTINUED)

NOTE 8: LONG TERM DEBT (Continued)

Debt maturities for the next five years are as follows:

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
March 31, 2008	\$12,595	\$16,000
2009	12,818	15,777
2010	13,274	15,321
2011	13,757	14,838
2012	14,270	14,325
2013-2017	80,272	62,703
2018-2022	79,176	45,736
2023-2027	92,607	28,097
2028-2032	117,115	3,590
2033-2037	111,338	236
2038-2042	119,147	0
2043-2047	117,533	0
	<hr/>	<hr/>
Total	\$783,902	\$216,623

NOTE 9: SCHEDULE OF EXPENDITURE OF FEDERAL AWARD

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

NOTE 10: NOTE AND INTEREST RECEIVABLE

The Note and Interest receivable amount of \$1,139,368 on the financial statements represent security interest in the partnership property of Bingham Terrace Limited Partnership. Interest is accrued semiannually at 7.15%. The principal and accrued interest matured on April 1, 2006. Bingham Terrace is in the process of applying for additional tax credits to finance major capital improvements.

Harrison Metropolitan Housing Authority
Combining FDS Schedule Submitted To REAC
Propriety Fund Type- Enterprise Fund
March 31, 2007

Line Item No.	Account Description	Rural Rental Housing Loans	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Other Federal Program (CHIP)	Total
111	Cash - Unrestricted	\$15,807	\$13,040	\$20,631	\$0	\$2,451	\$6,821	\$58,750
113	Cash - Other Restricted	\$60,558	\$0	\$0	\$0	\$0	\$0	\$60,558
114	Cash - Tenant Security Deposits	\$12,229	\$9,698	\$0	\$0	\$0	\$0	\$21,927
100	Total Cash	\$88,594	\$22,738	\$20,631	\$0	\$2,451	\$6,821	\$141,235
124	Accounts Receivable - Other Government	\$0	\$1,792	\$0	\$0	\$0	\$3,449	\$5,241
126	Accounts Receivable - Tenants - Dwelling Rents	\$230	\$2,671	\$0	\$0	\$0	\$0	\$2,901
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$0	\$0	\$0	\$0	\$0	\$0	\$0
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0
120	Total Receivables, net of allowances for doubtful accounts	\$230	\$4,463	\$0	\$0	\$0	\$3,449	\$8,142
131	Investments - Unrestricted	\$0	\$181,805	\$0	\$0	\$8,730	\$0	\$190,535
142	Prepaid Expenses and Other Assets	\$4,640	\$23,794	\$0	\$0	\$465	\$0	\$28,899
144	Interprogram Due From	\$0	\$8,531	\$0	\$0	\$13,190	\$0	\$21,721
150	Total Current Assets	\$93,464	\$241,331	\$20,631	\$0	\$24,836	\$10,270	\$390,532
161	Land	\$61,977	\$75,202	\$0	\$0	\$3,500	\$0	\$140,679
162	Buildings	\$1,052,723	\$3,505,332	\$0	\$30,920	\$61,393	\$0	\$4,650,368
163	Furniture, Equipment & Machinery - Dwellings	\$4,273	\$47,523	\$0	\$0	\$0	\$0	\$51,796
164	Furniture, Equipment & Machinery - Administration	\$8,403	\$128,608	\$0	\$14,243	\$13,729	\$0	\$164,983
166	Accumulated Depreciation	(\$446,005)	(\$2,281,041)	\$0	(\$2,400)	(\$22,083)	\$0	(\$2,751,529)
167	Construction In Progress	\$0	\$0	\$0	\$22,507	\$0	\$0	\$22,507
160	Total Fixed Assets, Net of Accumulated Depreciation	\$681,371	\$1,475,624	\$0	\$65,270	\$56,539	\$0	\$2,278,804

Harrison Metropolitan Housing Authority
Combining FDS Schedule Submitted To REAC
Propriety Fund Type- Enterprise Fund
March 31, 2007

Line Item No.	Account Description	Rural Rental Housing Loans	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Other Federal Program (CHIP)	Total
171	Notes, Loans, & Mortgages Receivable - Non Current	\$0	\$0	\$0	\$0	\$1,139,368	\$0	\$1,139,368
180	Total Non-Current Assets	\$681,371	\$1,475,624	\$0	\$65,270	\$1,195,907	\$0	\$3,418,172
190	Total Assets	\$774,835	\$1,716,955	\$20,631	\$65,270	\$1,220,743	\$10,270	\$3,808,704
312	Accounts Payable <= 90 Days	\$999	\$4,944	\$0	\$0	\$1,075	\$0	\$7,018
321	Accrued Wage/Payroll Taxes Payable	\$0	\$0	\$0	\$0	\$8,749	\$0	\$8,749
322	Accrued Compensated Absences - Current Portion	\$0	\$20,437	\$15,462	\$0	\$0	\$0	\$35,899
333	Accounts Payable - Other Government	\$0	\$8,944	\$0	\$0	\$0	\$0	\$8,944
341	Tenant Security Deposits	\$7,938	\$9,698	\$0	\$0	\$725	\$0	\$18,361
342	Deferred Revenues	\$0	\$23	\$0	\$0	\$14,056	\$0	\$14,079
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$10,200	\$0	\$0	\$0	\$2,395	\$0	\$12,595
347	Interprogram Due To	\$8,838	\$0	\$2,613	\$0	\$0	\$10,270	\$21,721
310	Total Current Liabilities	\$27,975	\$44,046	\$18,075	\$0	\$27,000	\$10,270	\$127,366
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	\$739,517	\$0	\$0	\$0	\$31,790	\$0	\$771,307
350	Total Noncurrent Liabilities	\$739,517	\$0	\$0	\$0	\$31,790	\$0	\$771,307
300	Total Liabilities	\$767,492	\$44,046	\$18,075	\$0	\$58,790	\$10,270	\$898,673
508.1	Invested in Capital Assets, Net of Related Debt	(\$68,346)	\$1,475,624	\$0	\$65,270	\$22,354	\$0	\$1,494,902
511.1	Restricted Net Assets	\$60,558	\$0	\$0	\$0	\$0	\$0	\$60,558

Harrison Metropolitan Housing Authority
Combining FDS Schedule Submitted To REAC
Propriety Fund Type- Enterprise Fund
March 31, 2007

Line Item No.	Account Description	Rural Rental Housing Loans	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Other Federal Program (CHIP)	Total
512.1	Unrestricted Net Assets	\$15,131	\$197,285	\$2,556	\$0	\$1,139,599	\$0	\$1,354,571
513	Total Equity/Net Assets	\$7,343	\$1,672,909	\$2,556	\$65,270	\$1,161,953	\$0	\$2,910,031
600	Total Liabilities and Equity/Net Assets	\$774,835	\$1,716,955	\$20,631	\$65,270	\$1,220,743	\$10,270	\$3,808,704
703	Net Tenant Rental Revenue	\$56,552	\$117,562	\$0	\$0	\$8,880	\$0	\$182,994
704	Tenant Revenue - Other	\$1,447	\$2,686	\$0	\$0	\$0	\$0	\$4,133
705	Total Tenant Revenue	\$57,999	\$120,248	\$0	\$0	\$8,880	\$0	\$187,127
706	HUD PHA Operating Grants	\$0	\$55,373	\$847,085	\$39,727	\$0	\$0	\$942,185
706.1	Capital Grants	\$0	\$0	\$0	\$32,750	\$0	\$0	\$32,750
708	Other Government Grants	\$37,478	\$0	\$0	\$0	\$0	\$21,598	\$59,076
711	Investment Income - Unrestricted	\$1,460	\$10,533	\$145	\$0	\$30,694	\$15	\$42,847
714	Fraud Recovery	\$0	\$0	\$4,744	\$0	\$0	\$0	\$4,744
715	Other Revenue	\$0	\$4,152	\$576	\$0	\$85,878	\$0	\$90,606
700	Total Revenue	\$96,937	\$190,306	\$852,550	\$72,477	\$125,452	\$21,613	\$1,359,335
911	Administrative Salaries	\$12,950	\$34,588	\$84,096	\$16,272	\$22,855	\$0	\$170,761
912	Auditing Fees	\$1,104	\$1,404	\$3,500	\$0	\$252	\$0	\$6,260
914	Compensated Absences	\$0	\$7,903	\$747	\$0	\$0	\$0	\$8,650
915	Employee Benefit Contributions - Administrative	\$1,943	\$27,682	\$32,614	\$0	\$21,666	\$0	\$83,905
916	Other Operating - Administrative	\$397	\$1,788	\$3,491	\$1,287	\$7,663	\$1,823	\$16,449
931	Water	\$10,467	\$9,455	\$0	\$0	\$2,286	\$0	\$22,208
932	Electricity	\$2,463	\$32,161	\$0	\$0	\$0	\$0	\$34,624
934	Fuel	\$919	\$0	\$0	\$0	\$0	\$0	\$919
938	Other Utilities Expense	\$5,068	\$0	\$0	\$0	\$0	\$0	\$5,068
941	Ordinary Maintenance and Operations - Labor	\$0	\$30,994	\$0	\$0	\$14,256	\$0	\$45,250

Harrison Metropolitan Housing Authority
Combining FDS Schedule Submitted To REAC
Propriety Fund Type- Enterprise Fund
March 31, 2007

Line Item No.	Account Description	Rural Rental Housing Loans	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Other Federal Program (CHIP)	Total
942	Ordinary Maintenance and Operations - Materials and Other	\$16,970	\$7,007	\$0	\$9,420	\$0	\$0	\$33,397
943	Ordinary Maintenance and Operations - Contract Costs	\$3,508	\$6,317	\$0	\$0	\$2,634	\$0	\$12,459
945	Employee Benefit Contributions - Ordinary Maintenance	\$760	\$24,806	\$0	\$0	\$15,414	\$0	\$40,980
961	Insurance Premiums	\$6,609	\$17,691	\$0	\$0	\$863	\$0	\$25,163
963	Payments in Lieu of Taxes	\$2	\$8,944	\$0	\$0	\$0	\$0	\$8,946
967	Interest Expense	\$13,650	\$0	\$0	\$0	\$2,244	\$0	\$15,894
969	Total Operating Expenses	\$76,810	\$210,740	\$124,448	\$26,979	\$90,133	\$1,823	\$530,933
970	Excess Operating Revenue over Operating Expenses	\$20,127	(\$20,434)	\$728,102	\$45,498	\$35,319	\$19,790	\$828,402
973	Housing Assistance Payments	\$0	\$0	\$755,972	\$0	\$0	\$19,790	\$775,762
974	Depreciation Expense	\$28,055	\$116,326	\$0	\$800	\$1,762	\$0	\$146,943
900	Total Expenses	\$104,865	\$327,066	\$880,420	\$27,779	\$91,895	\$21,613	\$1,453,638
1001	Operating Transfers In	\$0	\$12,748	\$0	\$0	\$0	\$0	\$12,748
1002	Operating Transfers Out	\$0	\$0	\$0	(\$12,748)	\$0	\$0	(\$12,748)
1010	Total Other Financing Sources (Uses)	\$0	\$12,748	\$0	(\$12,748)	\$0	\$0	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	(\$7,928)	(\$124,012)	(\$27,870)	\$31,950	\$33,557	\$0	(\$94,303)
1103	Beginning Equity	\$15,271	\$1,796,921	\$30,426	\$33,320	\$1,128,396	\$0	\$3,004,334
	Ending Equity	\$7,343	\$1,672,909	\$2,556	\$65,270	\$1,161,953	\$0	\$2,910,031

Harrison Metropolitan Housing Authority
Combining FDS Schedule Submitted To REAC
Propriety Fund Type- Enterprise Fund
March 31, 2007

Line Item No.	Account Description	Rural Rental Housing Loans	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Other Federal Program (CHIP)	Total
1120	Unit Months Available	336	600	3,180	0	24	85	4,225
1121	Number of Unit Months Leased	326	573	2,966	0	24	85	3,974
1117	Administrative Fee Equity	\$0	\$0	\$1,592	\$0	\$0	\$0	\$1,592
1118	Housing Assistance Payments Equity	\$0	\$0	\$964	\$0	\$0	\$0	\$964

Harrison Metropolitan Housing Authority
Schedule of Expenditures of Federal Award
For the year ended March 31, 2007

FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES	CFDA NUMBER	EXPENDITURES
U.S. Department of Housing and Urban Development Direct Program		
Low Rent Public Housing	14.850a	\$55,373
Housing Choice Voucher Program	14.871	847,085
Public Housing Capital Fund Program	14.872	<u>72,477</u>
Total Direct Program		<u>974,935</u>
Pass-Through Program Harrison County		
Community Housing Improvement Program	14.239	<u>21,598</u>
Total Pass-Through Program		<u>21,598</u>
Total U.S. Department of Housing and Urban Development		<u>996,533</u>
U.S. Department of Agriculture - Rural Housing Service Direct Program		
Rural Rental Housing Loan	10.415	<u>37,478</u>
Total U.S. Department of Agriculture		<u>37,478</u>
Total Expenditure of Federal Award		<u><u>\$1,034,011</u></u>



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

Board of Directors
Harrison Metropolitan Housing Authority

I have audited the financial statements of the business-type activities of Harrison Metropolitan Housing Authority, Ohio, as of and for the year ended March 31, 2007, which collectively comprise the Harrison Metropolitan Housing Authority, Ohio, basic financial statements and have issued my report thereon dated September 28, 2007. I conducted my audit in accordance with auditing standards generally accepted in the United State of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Harrison Metropolitan Housing Authority, Ohio's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but no for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the authority's financial statements that is more than inconsequential will not be prevented or detected by the authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the authority's internal control.

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

Compliance and Other Matters

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

I noted certain matters that I have reported to management of Harrison Metropolitan Housing Authority in a separate letter dated September 28, 2007.

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

Salvatore Consiglio, CPA, Inc.
September 28, 2007



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

Board of Directors
Harrison Metropolitan Housing Authority

Compliance

I have audited the compliance of the Harrison Metropolitan Housing Authority, Ohio, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended March 31, 2007. Harrison Metropolitan Housing Authority, Ohio major federal programs are identified in the Summary of Auditor's result section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Harrison Metropolitan Housing Authority, Ohio's management. My responsibility is to express an opinion on Harrison Metropolitan Housing Authority, Ohio's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis; evidence about the Harrison Metropolitan Housing Authority, Ohio's compliance with those requirements and performing such other procedures, as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Harrison Metropolitan Housing Authority, Ohio's compliance with those requirements.

In my opinion, Harrison Metropolitan Housing Authority, Ohio complied, in all material respects, with the requirements referred to above that are applicable with each of its major federal programs for the year ended March 31, 2007.

Internal Control Over Compliance

The management of Harrison 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 my audit, I considered Harrison Metropolitan Housing Authority, Ohio's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the entity's internal control over compliance.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

Salvatore Consiglio, CPA, Inc.
September 28, 2007

Harrison Metropolitan Housing Authority
 Schedule of Findings and Questioned Costs
 OMB Circular A-133 § .505
 March 31, 2007

1. SUMMARY OF AUDITOR'S RESULTS

Type of Financial Statement Opinion	Unqualified
Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
Were there any material internal control weakness conditions reported for major federal programs?	No
Were there any other reportable internal control weakness conditions reported for major federal programs?	No
Type of Major Programs' Compliance Opinion	Unqualified
Are there any reportable findings under § .510?	No
Major Programs (list):	CFDA # 14.871 Housing Choice Vouchers
Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All Others
Low Risk Auditee?	Yes

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

There are no Findings or questioned costs for the year ended March 31, 2007.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Harrison Metropolitan Housing Authority
Schedule of Prior Audit Findings
March 31, 2007

The audit report for the fiscal year ending March 31, 2006 contained no audit finding.



Mary Taylor, CPA
Auditor of State

HARRISON METROPOLITAN HOUSING AUTHORITY

HARRISON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 29, 2007**