

CRAWFORD METROPOLITAN HOUSING AUTHORITY

Financial Condition

As of

March 31, 2012

Together with Auditors' Report



Dave Yost • Auditor of State

Board of Trustees
Crawford Metropolitan Housing Authority
645 Harding Way West
Galion, Ohio 44833

We have reviewed the *Independent Auditor's Report* of the Crawford Metropolitan Housing Authority, Crawford County, prepared by Kevin L. Penn, Inc., for the audit period April 1, 2011 through March 31, 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 Crawford 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

December 18, 2012

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**CRAWFORD METROPOLITAN HOUSING AUTHORITY
CRAWFORD COUNTY**

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Independent Auditor's Report

Board of Trustees
Crawford Metropolitan Housing Authority
Crawford County

I have audited the accompanying financial statements of the Crawford Metropolitan Housing Authority, as of March 31, 2012 and for the year then ended, listed in the foregoing table of contents. These financial statements are the responsibility of the Crawford Metropolitan Housing Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards 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 in my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Crawford Metropolitan Housing Authority, as of March 31, 2012, and the changes in net assets and revenues, expenditures and other changes, and the cash flows for the year ended March 31, 2012 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 March 31, 2012, on my consideration of the Authority's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. While I did not opine on the internal control over financial reporting or on compliance, that report describes the scope of my testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of my audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not a part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historic context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or to provide any other assurance.

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

Kevin L. Penn, Inc.

July 31, 2012

Crawford Metropolitan Housing Authority

Management's Discussion and Analysis

March 31, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Crawford Metropolitan Housing Authority's (the Authority's) management's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position (its ability to address the next and subsequent fiscal year challenges), and (d) identify individual fund issues or concerns.

This Management Discussion and Analysis is new, and will now be presented at the front of each year's financial statements.

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

FINANCIAL HIGHLIGHTS

- During FY 2012, the Authority's net assets increased by \$20,495 (or 8.34%). Since the Authority engages only in business-type activities, the increase is all in the category of business-type net assets. Net Assets were \$245,688 and \$266,183 for FY 2011 and FY 2012 respectively.
- The revenue decreased by \$3,073 (or less than 2.17%) during FY 2012, and was \$1,452,260 and \$1,449,187 for FY 2011 and FY 2012 respectively.
- Total expenses increased by \$14,275 (or 1%) during FY2012 and were \$1,414,417 and \$1,428,692 for FY 2011 and FY 2012 respectively.

Authority-Wide Financial Statements

The Authority-wide financial statements (see pgs 11-14) are designed to be corporate-like in that all business type activities are consolidated into columns, which add to a total for the entire Authority.

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

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

Net Assets, Invested in Capital Assets, Net of Related Debt: This component of Net Assets consists of all Capital Assets, 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-wide financial statements also include a Statement of Revenues, Expenses and Changes in Fund Net Assets (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, and maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as grant revenue, investment income and interest expense.

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

Finally, Statement of Cash Flows (see page 13) is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, and from capital and related financing activities.

Fund Financial Statements

Traditional users of governmental financial statements will find the Authority-wide financial statements presentation more familiar. The focus is now on Major Funds, rather than fund types. 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 funds maintained by the Authority are required by the Department of Housing and Urban Development. Others are segregated to enhance accountability and control.

The Authority's Funds

Business Type Funds

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 adjusted household income.

AUTHORITY – WIDE STATEMENT

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>FY 2011</u>	<u>FY 2012</u>
Current and Other Assets	\$ 276,461	\$ 289,497
Capital Assets	<u>2,323</u>	<u>2,517</u>
Total Assets	<u>278,784</u>	<u>292,014</u>
Other Liabilities	14,449	5,445
Non-Current Liabilities	<u>18,647</u>	<u>20,386</u>
Total Liabilities	<u>33,096</u>	<u>25,831</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	2,323	2,517
Restricted	28,379	28,156
Unrestricted	<u>214,986</u>	<u>235,510</u>
Total Net Assets	<u>\$ 245,688</u>	<u>\$ 266,183</u>

For more detailed information see page 10 for the Statement of Net Assets.

Major Factors Affecting the Statement of Net Assets

Current assets were increased by \$13,036 or 4.72% in fiscal year 2012 caused by the surplus to HAP reserves and the surplus in operating reserves less the decrease of total liabilities. Liabilities decreased by \$7,265 or 21.95% because there was no HUD Deferred Admin fees revenues for FY12.

Capital assets increased during FY 2012 by \$194. The increase is attributed to the current year's purchases of \$937 less current year's depreciation of \$743. For more detail see "Capital Assets and Debt Administration" below.

TABLE 2**CHANGE OF UNRESTRICTED NET ASSETS**

Unrestricted Net Assets 3/31/2011		\$ 214,986
Results of Operations	20,718	
Adjustments:		
Depreciation (1)	743	
Adjusted Results from Operations		21,461
Capital Expenditures		
Additions		(937)
		<hr/>
Unrestricted Net Assets 03/31/2012		<u><u>\$ 235,510</u></u>

(1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Assets

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

TABLE 3**CHANGE OF RESTRICTED NET ASSETS**

Restricted Net Assets 3/31/2011		\$ 28,379
Results of Operations		
Adjustments:		
HAP spent from reserves	(1,317)	
Fraud Recovery payments net bad debt	1,018	
Interest on HAP	76	
Adjusted Results from Operations		(223)
		<hr/>
Restricted Net Assets 03/31/2012		<u><u>\$ 28,156</u></u>

TABLE 4**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

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

	<u>FY 2011</u>	<u>FY 2012</u>
Revenues		
HUD PHA Operating Grants	\$ 1,447,079	\$ 1,446,022
Investment Income	1,056	638
Other Revenues	<u>4,125</u>	<u>2,527</u>
Total Revenue	<u>1,452,260</u>	<u>1,449,187</u>
Expenses		
Administrative	146,466	149,136
Maintenance	5,557	4,695
General	7,144	6,659
Housing Assistance Payments	1,254,778	1,267,459
Depreciation	<u>472</u>	<u>743</u>
Total Expenses	<u>1,414,417</u>	<u>1,428,692</u>
Net Increase/(Decrease)	<u>\$ 37,843</u>	<u>\$ 20,495</u>

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

HUD PHA Operating Grants were decreased by \$1,057 or less than 1% for FY12. The leasing rate for FY12 was 99.54%, with 3,870 unit months leased out of a possible 3,888. This was an increase from the FY11 leasing rate.

Total Expenses increased \$14,275 in FY12 or 1%. HAP expenses included in total increased by \$12,681 or 1%.

The \$20,495 surplus is made up of a \$223 decrease to Restricted HAP funds and a \$20,718 surplus to administrative operations.

CAPITAL ASSETS AND DEBT ADMINISTRATION**Capital Assets**

As of year-end, the Authority had \$2,517 invested in capital assets as reflected in the following schedule, which represents a net increase (addition, deductions and depreciation).

TABLE 5

**CAPITAL ASSETS AT YEAR-END
(NET OF DEPRECIATION)**

	<u>Business-Type Activities</u>	
	<u>FY 2011</u>	<u>FY 2012</u>
Equipment – Administrative	\$ 8,515	\$ 8,181
Accumulated Depreciation	<u>(6,192)</u>	<u>(5,664)</u>
Total	<u>\$ 2,323</u>	<u>\$ 2,517</u>

The following reconciliation summarizes the change in Capital Assets, which is presented in detail on page 19 of the notes.

TABLE 6

CHANGE IN CAPITAL ASSETS

Beginning Balance, 04/1/2011	\$ 2,323
Additions	937
Disposition	0
Depreciation	<u>(743)</u>
Ending Balance, 03/31/2012	<u>\$ 2,517</u>

This year's major additions are:

This year's additions: Dell Computer Work Station \$937

Debt Outstanding

As of 3/31/12, the Authority had no outstanding debt (bonds, notes, etc.)

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, recession and employment trends, which can affect resident incomes and therefore the amount of housing assistance
- Inflationary pressure on utility rates, supplies and other costs

FINANCIAL CONTACT

The individual to be contacted regarding this report is Marsha K. Inscho; Finance Manager for the Crawford Metropolitan Housing Authority, at (419) 526-1622 Specific requests may be submitted to the Authority at P.O. Box 1029, Mansfield, OH 44901.

CRAWFORD METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET ASSETS
MARCH 31, 2012

ASSETS

Current Assets

Cash and Cash Equivalents - Unrestricted (Note 1)	\$ 251,621
Accounts Receivable - Fraud Recovery	1,552
Allowance for Doubtful Accounts	(1,552)
Accounts Receivable – Other	9,111
Prepaid Expenses	610
Total Current Assets	<u>261,342</u>

Non-Current Assets

Cash and Cash Equivalents - Restricted (Note 1)	28,156
Depreciation Capital Assets - (Note 1)	<u>2,517</u>
Total Non-Current Assets	<u>30,673</u>
TOTAL ASSETS	<u><u>\$ 292,015</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	\$ 2,289
Accrued Expenses	1,252
Accrued Compensated Absences	1,904
Total Current Liabilities	<u>5,445</u>

Non-Current Liabilities

Accrued Compensated Absences	<u>20,387</u>
Total Non-Current Liabilities	<u>20,387</u>
Total Liabilities	<u><u>\$ 25,832</u></u>

Net Assets

Investment in Capital Assets, Net of Related Debt	\$ 2,517
Restricted	28,156
Unrestricted	235,510
Total Net Assets	<u><u>\$ 266,183</u></u>

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

CRAWFORD METROPOLITAN HOUSING AUTHORITY
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 FOR THE YEAR ENDED MARCH 31, 2012

Operating Revenue:

HUD Operating Subsidies and Grants	\$ 1,446,022
Other Revenue	2,527
Total Operating Revenue	<u>1,448,549</u>

Operating Expenses:

Housing Assistance Payments	1,267,459
Other Administrative Expense	149,136
Material and Labor – Maintenance	4,695
Depreciation Expense	743
General Expenses	6,659
Total Operating Expenses	<u>1,428,692</u>

Operating Income (Loss)	19,857
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Non-Operating Revenues (Expenses)

Investment Income – Unrestricted	562
Investment Income – Restricted	76
Total Non-Operating Revenues (Expenses)	<u>638</u>

Change in Net Assets	20,495
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Net Assets - Beginning of Year	<u>245,688</u>
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Net Assets - End of Year	<u>\$ 266,183</u>
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The accompanying notes are an integral part of the financial statements.

CRAWFORD METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2012

Cash Flows From Operating Activities:	
Cash payments to suppliers for goods and services	\$ (169,961)
Housing assistance payments	(1,267,459)
HUD operating subsidies and grants	1,446,022
Other receipts	2,527
Other payments	<u>(6,659)</u>
Net Cash Provided (Used) by Operating Activities	4,470
Cash Flows From Capital and Related Financing Activities:	
Fixed Assets Addition	<u>(937)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	(937)
Cash Flows From Investing Activities:	
Investment Income	<u>638</u>
Net Cash Provided (Used) by Investing Activities	638
Increase (Decrease) in Cash and Cash Equivalents	4,171
Cash and Cash Equivalents - Beginning of Year	<u>275,606</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 279,777</u></u>

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

(Continued)

CRAWFORD METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2012

Reconciliation of Operating Income (Loss) to Net Cash Used in Operating Activities:	
Operating Income (Loss)	\$19,857
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used in Operating Activities:	
Depreciation	743
(Increase) decrease in:	
Accounts Receivable	(8,941)
Prepaid Expenses	76
Increase (decrease) in:	
Accounts Payable	344
Compensated Absences	1,904
Deferred Revenue	(9,611)
Accrued Expenses	<u>98</u>
Net cash used in operating activities	<u>\$ 4,470</u>

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

**CRAWFORD METROPOLITAN HOUSING AUTHORITY
CRAWFORD COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

The basic financial statements of the Crawford Metropolitan Housing Authority (the Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the generally 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 subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate. The accompanying basic financial statements comply with the provisions of GASB Statement No. 39, *Determining Whether Organizations are Component Units*, in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

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

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

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

**CRAWFORD METROPOLITAN HOUSING AUTHORITY
CRAWFORD COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2012
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fund Accounting

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

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 Authority's only proprietary fund type:

Enterprise Fund – The Authority is accounted for on a flow of economic resources measurement focus.

With this measurement focus, all assets and all liabilities associated with the operation of the Authority are included on the statement of net assets. The statement of revenues, expenses and changes in net assets presents increases (i.e. revenues) and decreases (i.e. expenses) in total net assets. The statement of cash flows provides information about how the Authority finances and meets cash flow needs.

The Authority accounts for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body 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.

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.

Capital Assets

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

**CRAWFORD METROPOLITAN HOUSING AUTHORITY
CRAWFORD COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2012
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Capital Assets - Continued

<u>Description</u>	<u>Estimated Useful Lives - Years</u>
Furniture	7
Equipment	5
Computer hardware	3
Computer software	3

Total depreciation expense for the 2012 fiscal year was \$743.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include certificates of deposit and all highly liquid investments 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 balance sheet date by those employees who currently are eligible to receive termination payments. All employees who meet the termination policy of the Authority for years of service are included in the calculation of the compensated absences accrual amount. Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: 1) The employees' rights to receive compensation are attributable to services already rendered and are not contingent on a specific event that is outside the control of the employer and employee, 2) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement. In the proprietary fund, the compensated absences are expensed when earned with the amount reported as a current liability.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The amount reported as restricted net assets at fiscal year end represents the amounts restricted by HUD for future Housing Assistance Payments and amounts from Administration Fee which may be recaptured by HUD. When an expense is incurred for purposes which both restricted and unrestricted net assets are available, the Authority first applies restricted net assets.

**CRAWFORD METROPOLITAN HOUSING AUTHORITY
CRAWFORD COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2012
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Estimates

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

Prepaid Items

Payments made to vendors for services that will benefit beyond year-end are recorded as prepaid items via the consumption method.

Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. The Authority had restricted assets for Housing Assistance Payment equity balances of \$28,156.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Authority, these revenues are for Housing and Urban Development Grants and other revenues. Operating expenses are necessary costs to provide goods or services that are the primary activity of the fund. All revenues not related to operating activities have been reported as nonoperating revenues.

Accounts Receivable

Management considers all accounts receivable (excluding the fraud recovery receivable) to be collected in full.

Accrued Interest Receivable

Accrued interest receivable represents the amount of interest earned but not collected on certificates of deposits as of the balance sheet date. Interest is collected upon maturity.

**CRAWFORD METROPOLITAN HOUSING AUTHORITY
CRAWFORD COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2012
(CONTINUED)**

2. CASH AND CASH EQUIVALENTS

Cash equivalents include short-term, highly liquid investments that are both readily convertible to known amounts of cash and are so near maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less qualify under this definition.

All monies are deposited into banks as determined by the Authority. Funds are deposited in a non-interest bearing checking account. Security shall be furnished for all accounts in the Authority's name.

Cash and cash equivalents included in the Authority's cash position at March 31, 2012 are as follows:

Demand deposits:

Bank balance - Checking	\$ 186,576
Items-in-transit	<u>(6,824)</u>
Carrying balance	<u>\$ 179,752</u>

Of the fiscal year-end cash balance, the entire balance was covered by federal deposit insurance. In addition, \$25 was maintained in petty cash funds which is included in cash and cash equivalents presented on the statement of net assets.

At March 31, 2012, the Authority owned a certificate of deposit with a carrying value of \$100,000 which was insured by in total by federal deposit insurance.

Based on the Authority having only demand deposits at March 31, 2012, the Authority is not subject to interest rate, credit, concentration, or custodial credit risks.

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 the fiscal year 2012, the Authority purchased commercial insurance for general insurance, real property, building content, and public employee liability.

Property insurance carries a \$500 deductible. The limit for public employee theft, disappearance, and destruction is \$5,000 each loss.

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.

**CRAWFORD METROPOLITAN HOUSING AUTHORITY
CRAWFORD COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2012
(CONTINUED)**

4. CAPITAL ASSETS

The following is a summary of capital assets at March 31, 2012:

	Balance 4/1/2011	Additions	Disposals	Balance 3/31/2012
Capital Assets - Cost				
Furniture and equipment	\$ 8,515	\$ 937	\$(1,271)	\$ 8,181
Less: accumulated depreciation				
Furniture and equipment	<u>(6,192)</u>	<u>(743)</u>	<u>1,271</u>	<u>(5,664)</u>
Capital assets, net	<u>\$ 2,323</u>	<u>\$ 194</u>	<u>\$ -</u>	<u>\$ 2,517</u>

**5. DEFINED BENEFIT PENSION PLANS – OHIO PUBLIC EMPLOYEES
RETIREMENT SYSTEM**

Plan Description – All employees of the Authority are eligible to participate in the Ohio Public Employees

Retirement System (OPERS). OPERS administers three separate pension plans as described below:

1. The Traditional Pension Plan – a cost sharing, multiple-employer defined pension plan.
2. The Member-Directed Plan – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
3. The Combined Plan – a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions 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, and survivor benefits as well as postretirement health care coverage to qualifying members of both the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-retirement health care coverage. The authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a publicly available comprehensive annual financial report which includes financial statements and required supplementary information for OPERS. That report may be obtained by writing to Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222- 7377.

**CRAWFORD METROPOLITAN HOUSING AUTHORITY
CRAWFORD COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2012
(CONTINUED)**

**5. DEFINED BENEFIT PENSION PLANS – OHIO PUBLIC EMPLOYEES
RETIREMENT SYSTEM - CONTINUED**

Funding Policy – The Authority and covered employees contribute at actuarially determined rates for both 2011 and 2012, 14% and 10%, respectively, of covered employee payroll to OPERS. The Authority’s contributions to OPERS for the years ended March 31, 2012, 2011, and 2010 were \$9,240, \$9,100, and \$8,832, respectively which were equal to the required contributions for each year. The employees’ contributions to OPERS for March 31, 2012, 2011, 2010 were \$6,600, \$6,500, and \$6,309. Required contributions are equal to 100% of the dollar amount billed.

Other Post Retirement Benefits – In order to qualify for post-retirement health care coverage, age- and service retirees under the Traditional Pension and Combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Retirement Employment Benefit (OPEB) as described in GASB Statement 45. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post retirement health care benefits. 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 was 5.5% from April 1 through December 31, 2011. 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.

Employer contributions made to fund post-employment benefits were approximately \$3,630.

The Health Care Preservation Fund (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective on January 1, 2007. Member and employer contribution rates increased as of January 1 of each year from 2006 to 2008. These rate increases allowed additional funds to be allocated to the health care plan.

6. COMPENSATED ABSENCES

The following is a summary of compensated absences at March 31, 2012:

	Balance at 4/01/11	Additions	Deletions	Balance at 3/31/12	Due Within One Year
Compensated Absences	\$ 20,387	\$ 7,753	\$ (5,849)	\$ 22,291	\$ 1,904

**CRAWFORD METROPOLITAN HOUSING AUTHORITY
CRAWFORD COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2012
(CONTINUED)**

7. CONTINGENT LIABILITIES

A. Grants

Amounts grantor agencies pay to the Authority are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs or excess reserve balances. Management cannot presently determine amounts grantors may disallow or recapture.

However, based on prior experience, management believes any such disallowed claims or recaptured amounts would not have a material adverse effect on the overall financial position of the Authority at March 31, 2012.

B. Litigation

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

8. SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Crawford Metropolitan Housing Authority and is presented on the accrued basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations.

9. SUBSEQUENT EVENTS

Generally accepted accounting principles define subsequent events as events or transactions that occur after the statement of financial position date, but before the financial statements as issued or are available to be issued. Management has evaluated subsequent events through July 31, 2012, the date on which the financial statements were available to be issued.

Crawford Metropolitan Housing Authority
Statement of Net Assets
March 31, 2012

Financial Data Schedule Submitted to U.S. Department of HUD

Line item	Account Description	Housing Choice Voucher
111	Cash - Unrestricted	\$ 251,621
113	Cash - Other Restricted	28,156
100	Total Cash	<u>279,777</u>
122	Acct Rec-HUD	9,042
120	Net Total Receivables	9,042
129	Accrued Interest Receivable	68
142	Prepaid Expenses	610
150	Total Current Assets	<u>289,497</u>
164	F/E/M Admin	8,181
166	Accumulated Depreciation	(5,664)
160	Net Fixed Assets	<u>2,517</u>
190	TOTAL ASSETS	<u>\$ 292,014</u>
312	A/P <= 90 days	\$ 2,289
321	Accrued Wage/Taxes Payable	1,251
322	Accrued Comp. Abs. - Current	1,905
310	Total Current Liabilities	<u>5,445</u>
354	Accrued Comp. Abs. - Non Current	20,386
350	Total Non-Current Liabilities	<u>20,386</u>
	TOTAL Liabilities	25,831
508.1	Invested in Capital Assets Net	2,517
511.1	Restricted Net Assets	28,156
512.1	Unrestricted Net Assets	235,510
513	TOTAL Equity/Net Assets	<u>266,183</u>
600	TOTAL LIAB. & EQUITY	<u>\$292,014</u>

Crawford Metropolitan Housing Authority
Statement of Revenues and Expenses
For the Year Ended March 31, 2012

Financial Data Schedule Submitted to U.S. Department of HUD

<u>Line item</u>	<u>Account Description</u>	<u>Housing Choice Voucher</u>
706	HUD PHA Operating Grants	\$ 1,446,022
711	Investment Income - Unrestricted	562
714	Fraud Recovery - PHA	2,037
715	Other Revenue	490
720	Investment Income - Restricted	<u>76</u>
700	TOTAL REVENUE	<u>1,449,187</u>
911	Admin Salaries	66,002
912	Audit	4,314
914	Advertising and Marketing	428
915	Employee Benefits	25,944
916	Office Expenses	28,278
917	Legal Fees	569
918	Travel	271
919	Other	<u>23,330</u>
	Total Operating - Admin.	149,136
942	Ordinary Maint.- Materials and Other	<u>4,695</u>
	Total Maint.	4,695
961.2	Insurance - Liab. Insurance	3,336
961.3	Insurance – Workmen’s Comp.	<u>1,418</u>
	Total Insurance	4,754
962.1	Comp. Abs.	<u>1,905</u>
	TOTAL OPERATING EXPENSES	<u>160,490</u>
970	Excess Oper. Rev. over Exp.	1,288,697
973	HAP	1,267,459
974	Depreciation Exp	<u>743</u>
900	TOTAL EXPENSES	<u>1,428,692</u>
1000	NET	<u><u>\$ 20,495</u></u>

Crawford Metropolitan Housing Authority
Additional Information Required by HUD
For the Year Ended March 31, 2012

Financial Data Schedule Submitted to U.S. Department of HUD

<u>Line item</u>	<u>Account Description</u>	<u>Housing Choice Voucher</u>
11170	Administrative Fee Equity	\$ 238,027
11180	Housing Assistance Payment Equity	\$ 28,156
11190	Unit Months Available	3,888
11210	Number of Unit Months Leased	3,870

CRAWFORD METROPOLITAN HOUSING AUTHORITY
 Schedule of Expenditures of Federal Award
 For the Year Ended March 31, 2012

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development			
Direct Program			
Section 8 Housing Choice Voucher	14.871	N/A	<u>\$ 1,428,692</u>
Total Federal Financial Assistance			<u>\$ 1,428,692</u>

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



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Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Board of Trustees
Crawford Metropolitan Housing Authority
Crawford County

I have audited the financial statements of Crawford Metropolitan Housing Authority as of and for the year ended March 31, 2012, and have issued my report thereon dated July 31, 2012. I conducted my audit in accordance with generally accepted auditing standards 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

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

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

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

Compliance and Other Matters

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

This report is intended solely for the information and use of management, those charged with governance and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Kevin L. Penn, Inc.

July 31, 2012



Certified Public Accountant
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Independent Auditor's Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133

Board of Trustees
Crawford Metropolitan Housing Authority
Crawford County

Compliance

I have audited the compliance of Crawford Metropolitan Housing Authority (the Authority) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that could directly and materially affect the Crawford Metropolitan Housing Authority's major federal program for the year ended March 31, 2012. The summary of auditor's results section of the accompanying schedule of findings identifies the Authority's major federal program. The Authority's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. My responsibility is to opine on the Government's compliance based on my audit.

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

In my opinion, the Crawford Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended March 31, 2012.

Internal Control Over Compliance

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

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

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

This report is intended solely for the information and use of the management, those charged with governance, 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.

Kevin L. Penn, Inc.

July 31, 2012

Crawford Metropolitan Housing Authority
 Schedule of Findings
 March 31, 2012

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified
 not considered to be material weaknesses? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified
 not considered to be material weaknesses? No

Type of auditor's report issued on compliance
 for major program: Unqualified

Any audit findings disclosed that are required
 to be reported in accordance with
 Circular A-133, Section .510(a)? No

Identification of major programs:
 14.871 Housing Choice Voucher Program

Dollar threshold used to distinguish
 between Type A and Type B programs: \$300,000 (Type A)

Auditee qualified as low-risk auditee? Yes

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings

No matters were reported.

Crawford Metropolitan Housing Authority
Summary Schedule of Prior Audit Findings
Year Ended March 31, 2012

There were no audit findings, during the 2011 fiscal year.

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Dave Yost • Auditor of State

CRAWFORD METROPOLITAN HOUSING AUTHORITY

CRAWFORD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 31, 2012**