

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





Dave Yost • Auditor of State

Board of Directors
Huron Metropolitan Housing Authority
P.O. Box 1029
Mansfield, Ohio 44901

We have reviewed the *Independent Auditors' Report* of the Huron Metropolitan Housing Authority, Huron County, prepared by Wilson, Shannon & Snow, Inc., for the audit period July 1, 2010 through June 30, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

January 10, 2012

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**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY**

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Board of Directors
Huron Metropolitan Housing Authority
645 West Harding Way
Norwalk, Ohio 44857

INDEPENDENT AUDITORS' REPORT

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

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated December 9, 2011, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

Wilson, Shannon & Snow, Inc.

Newark, Ohio
December 9, 2011

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY**

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current 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 fiscal year 2011, the Authority's net assets decreased by \$34,644 (or 7.19%). Since the Authority engages only in business-type activities, the decrease is all in the category of business-type net assets. Net Assets for fiscal year 2010 were \$481,903 and net assets for fiscal year 2011 were \$447,259.

- Revenues decreased by \$1,954 (or less than 1%) during fiscal year 2011, and were \$2,861,055 and \$2,859,101 for fiscal year 2010 and fiscal year 2011, respectively.

- Expenses of the Authority increased by \$102,376 (or 3.67%). Total expenses were \$2,791,369 and \$2,893,745 for fiscal year 2010 and fiscal year 2011, respectively.

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY**

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

USING THIS ANNUAL REPORT

The Report includes three major sections, the “Management’s Discussion and Analysis (MD&A)”, “Basic Financial Statements”, and “Other Required Supplementary Information”:

MD&A

~ Management’s Discussion
And Analysis –pgs 3-10 ~

Basic Financial Statements

~ Basic Financial Statements – pgs 11-13 ~
~ Notes to the Basic Financial Statements – pg 14~

Other Required Supplementary Information

~ Required Supplementary Information - none~

The primary focus of the Authority’s financial statements is on the Authority as a whole. The Authority operates as a single enterprise fund and this presentation allows the user to address relevant questions, broaden a basis for comparison (year to year or Authority to Authority) and enhance the Authority’s accountability.

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY**

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

Government-Wide Financial Statements

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

These Statements include a Statement of Net Assets, which is similar to a Balance Sheet. The Statement of Net Assets reports all financial and capital resources for the Authority. The statement is presented in the format where assets, minus liabilities, equal "Net Assets", formally 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 are reported in three broad categories:

Net Assets, Invested in Capital Assets: This component of Net Assets consists of all Capital Assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The Authority does not have any outstanding debt.

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", or "Restricted Net Assets".

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

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

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

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY**

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

The Authority's Fund

The Authority consists of exclusively an Enterprise Fund. The Enterprise fund utilizes the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized in the private sector.

The fund maintained by the Authority is required by the Department of Housing and Urban Development (HUD).

Business-Type Activities:

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 (HAP) made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30% of adjusted household income.

Other Programs – In addition to the major program above, the Authority also maintains other activities which are listed below.

Business Activities – represents resources developed from services provided to other metropolitan housing authorities.

Statement of Net Assets

The following table reflects the condensed Statement of Net Assets compared to prior fiscal year.

STATEMENT OF NET ASSETS

	<u>2011</u>	<u>2010</u>
Current and Other Assets	\$497,736	\$495,059
Capital Assets	<u>49,983</u>	<u>60,502</u>
Total Assets	<u>547,719</u>	<u>555,561</u>
Current Liabilities	39,014	14,056
Non-Current Liabilities	<u>61,446</u>	<u>59,602</u>
Total Liabilities	<u>100,460</u>	<u>73,658</u>
Net Assets:		
Invested in Capital Assets	49,983	60,502
Restricted	157,687	168,669
Unrestricted	<u>239,589</u>	<u>252,732</u>
Total Net Assets	<u>\$447,259</u>	<u>\$481,903</u>

For more detailed information see page 11 for the Statement of Net Assets.

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY**

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

Major Factors Affecting the Statement of Net Assets

Current and other assets increased by \$2,677 in fiscal year 2011. This difference mostly represents the change of the current year surplus which increased current assets (primarily cash). Liabilities increased by \$26,802 in fiscal year 2011 due to administrative fee funding received in fiscal year 2011 to be used in fiscal year 2012 (deferred revenue). Changes in HUD's funding allows the Authority to retain excess funding for possible usage in future years on Housing Assistance Payments only, therefore, \$157,687 is considered restricted.

Capital assets decreased \$10,519 during fiscal year 2011. The decrease is attributed to current year depreciation and disposal of certain assets. For more detail see "Capital Assets and Debt Administration" on page 9.

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

CHANGE OF UNRESTRICTED NET ASSETS

Unrestricted Net Assets June 30, 2010		\$252,732
Results of Operations	\$(23,662)	
Adjustments:		
Depreciation (1)	<u>13,167</u>	
Adjusted Results from Operations		(10,495)
Capital Expenditures		<u>(2,648)</u>
Unrestricted Net Assets June 30, 2011		<u>\$239,589</u>

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

CHANGE OF RESTRICTED NET ASSETS

Restricted Net Assets June 30, 2010		\$168,669
Results of Operations		
HAP Reserves Used	\$(14,512)	
Fraud Recovery Payments Net Bad Debts	3,054	
Interest on HAP	<u>476</u>	
Adjusted Results from Operations		<u>(10,982)</u>
Restricted Net Assets June 30, 2011		<u>\$157,687</u>

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY**

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

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>2011</u>	<u>2010</u>
Revenues		
HUD PHA Operating Grants	\$2,769,340	\$2,764,392
Interest	1,442	4,726
Other Revenues	<u>88,319</u>	<u>91,937</u>
Total Revenue	<u>2,859,101</u>	<u>2,861,055</u>
Expenses		
Administrative	384,012	370,291
Maintenance	12,905	9,910
General	10,827	11,289
Housing Assistance Payments	2,472,834	2,386,747
Depreciation	<u>13,167</u>	<u>13,132</u>
Total Expenses	<u>2,893,745</u>	<u>2,791,369</u>
Change in Net Assets	(34,644)	69,686
Net Assets at July 1	<u>481,903</u>	<u>412,217</u>
Net Assets at June 30	\$ <u>447,259</u>	\$ <u>481,903</u>

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

HUD PHA Operating Grants increased by \$4,948 in grant funding from HUD in fiscal year 2011. Although leasing rates remained fairly consistent at around 100%, grant revenues increased while housing assistance payments increased by a larger amount which resulted in use of HAP reserves to meet expenses.

Other revenues represent income from providing services to other housing authorities, revenues from tenant fraud recovery, and service fees from other housing authorities. The decrease in fiscal year 2011 was the result of the Authority receiving less revenues from providing inspection services.

Annual payroll changes contributed to the change in the Administrative expenses category in fiscal year 2011. Administrative expenses include salaries and related benefits, along with other administrative expense such as audit fees and office expenses.

Most other expenses fluctuated moderately due to reduction of expenses instituted by the Authority to minimize costs and budget concerns.

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY**

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2011, the Authority had \$49,983 invested in capital assets as reflected in the following schedule, which represents a net decrease (addition, deductions and depreciation).

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

	<u>Business-Type Activities</u>	
	<u>2011</u>	<u>2010</u>
Capital Assets, Cost	\$225,531	\$231,553
Accumulated Depreciation	(175,548)	(171,051)
Total	<u>\$ 49,983</u>	<u>\$ 60,502</u>

The following reconciliation summarizes the change in Capital Assets, which is presented in detail on page 20 of the notes.

CHANGE IN CAPITAL ASSETS

	<u>Business Type Activities</u>
Beginning Balance	\$60,502
Purchases	2,648
Depreciation	(13,167)
Ending Balance	<u>\$49,483</u>

There were additions of computers totaling \$2,648 in fiscal year 2011. There were \$8,670 in disposals during fiscal year 2011. These assets were fully depreciated at the time of disposal.

Debt Outstanding

As of June 30, 2011, the Authority has no outstanding debt.

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY**

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

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 demand for 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 Huron Metropolitan Housing Authority, at (419) 526-1622. Specific requests may be submitted to the Authority at P.O. Box 1029, Mansfield, OH 44901.

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY**

**STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2011**

Assets

Current Assets:

Cash and Cash Equivalents	\$	334,215
Accounts Receivable, net		3,083
Prepaid Items		2,751
		2,751

Total Current Assets		340,049
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Non-Current Assets:

Restricted Cash		157,687
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Capital Assets:

Land		10,000
Buildings		109,000
Furniture and Equipment		30,530
Leasehold Improvements		76,001
Accumulated Depreciation		(175,548)
Total Capital Assets		49,983

Total Non-Current Assets		207,670
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Total Assets		547,719
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Liabilities

Current Liabilities:

Accounts Payable		5,215
Accrued Wages and Payroll Taxes		5,330
Accrued Compensated Absences		2,097
Unearned Revenue		26,372
		26,372

Total Current Liabilities		39,014
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Non-Current Liabilities:

Accrued Compensated Absences		61,446
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Total Non-Current Liabilities		61,446
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Total Liabilities		100,460
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Net Assets

Invested in Capital Assets		49,983
Restricted		157,687
Unrestricted		239,589
		239,589

Total Net Assets	\$	447,259
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The notes to the basic financial statements are an integral part of the statements.

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Operating Revenues		
HUD PHA Operating Grants	\$	2,769,340
Fraud Recovery		6,108
Other Revenues		<u>82,211</u>
Total Operating Revenues		<u>2,857,659</u>
Operating Expenses		
Housing Assistance Payments	\$	2,472,834
Salaries		225,821
Employee Benefits		81,033
Other Administrative Expense		77,158
Ordinary Maintenance & Operations		12,905
Depreciation		13,167
General		<u>10,827</u>
Total Operating Expenses		<u>2,893,745</u>
Operating Loss		<u>(36,086)</u>
Nonoperating Revenues		
Interest		<u>1,442</u>
Total Nonoperating Revenues		1,442
Change in Net Assets		(34,644)
Net Assets at July 1, 2010		<u>481,903</u>
Net Assets at June 30, 2011	\$	<u><u>447,259</u></u>

The notes to the basic financial statements are an integral part of this statement.

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Cash flows from operating activities:

Cash received from HUD	\$ 2,801,184
Cash received from other sources	89,519
Cash payments to employees for services	(307,277)
Cash payments for good or services - HUD	(2,472,834)
Cash payments for goods or services	(98,933)
	11,659
Net cash provided by operating activities	11,659

Cash flows from capital activities:

Purchases of capital assets	(2,648)
	(2,648)
Net cash used in capital activities	(2,648)

Cash flows from investing activities:

Interest	1,442
	1,442
Net cash provided by investing activities	1,442
Net change in cash and cash equivalents	10,453
Cash and cash equivalents at July 1, 2010	481,449
	491,902
Cash and cash equivalents at June 30, 2011	\$ <u>491,902</u>

Reconciliation of operating loss to net cash provided by operating activities:

Operating loss	\$ (36,086)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	13,167
Changes in assets and liabilities:	
Accounts receivable, net	8,252
Prepaid items	(476)
Accounts payable	853
Accrued wages and payroll taxes	(2,520)
Other liabilities	28,469
	11,659
Net cash provided by operating activities	\$ <u>11,659</u>

The notes to the basic financial statements are an integral part of this statement.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

The basic financial statements of the Huron 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.

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(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 fund is 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.

Accounting and Reporting for Nonexchange Transactions

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

Unearned Revenues

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

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

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:

<u>Description</u>	<u>Estimated Useful Life – Years</u>
Building	40
Building Improvements	5-15
Vehicles	5
Equipment	3-7

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Compensated Absences

The Authority accounts for compensated absences in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*. 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. When an expense is incurred for purposes which both restricted and unrestricted net assets are available, the Authority first applies restricted net assets.

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 \$157,687.

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.

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 June 30, 2011 are as follows:

Demand deposits:	
Bank balance - Checking	\$115,912
Items-in-transit	<u>(4,466)</u>
Carrying balance	<u>\$111,446</u>

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

2. CASH AND CASH EQUIVALENTS - CONTINUED

Of the fiscal year-end cash balance, the entire balance was covered by federal deposit insurance. In addition, \$50 was maintained in petty cash funds which is included in cash and cash equivalents presented on the statement of net assets.

At June 30, 2011, the Authority owned a certificate of deposit with a carrying value of \$380,406 which was insured by in total by federal deposit insurance.

Based on the Authority having only demand deposits at June 30, 2011, the Authority is not subject to interest rate, credit, concentration, or custodial credit risks.

3. RISK MANAGEMENT

The Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. There was no significant reduction in coverage and no settlements exceeded insurance coverage, during the past three years.

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Coverage Limits</u>
General Liability	\$5,000	\$2,000,000 (per occurrence)
Transportation	\$2,000	\$ 500,000
Employee Dishonesty		\$ 25,000

This section intentionally left blank.

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

4. CAPITAL ASSETS

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

	<u>Balance at June 30, 2010</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at June 30, 2011</u>
Capital Assets Not Depreciated				
Land	\$ <u>10,000</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>10,000</u>
Total Capital Assets Not Depreciated	<u>10,000</u>	<u>0</u>	<u>0</u>	<u>10,000</u>
Capital Assets Depreciated				
Building and Improvements	185,001	0	0	185,001
Vehicles	11,260	0	0	11,260
Equipment	<u>25,292</u>	<u>2,648</u>	<u>(8,670)</u>	<u>19,270</u>
Total Capital Assets Depreciated	<u>221,553</u>	<u>2,648</u>	<u>(8,670)</u>	<u>215,531</u>
Accumulated Depreciation				
Building and Improvements	(138,742)	(10,227)	0	(148,969)
Vehicles	(8,268)	(2,365)	0	(10,633)
Equipment	<u>(24,041)</u>	<u>(575)</u>	<u>8,670</u>	<u>(15,946)</u>
Total Accumulated Depreciation	<u>(171,051)</u>	<u>(13,167)</u>	<u>8,670</u>	<u>(175,548)</u>
Total Capital Assets Depreciated, Net	<u>50,502</u>	<u>(10,519)</u>	<u>0</u>	<u>39,983</u>
Total Capital Assets, Net	\$ <u>60,502</u>	\$ <u>(10,519)</u>	\$ <u>0</u>	\$ <u>49,983</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.

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

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

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.

Funding Policy – The Authority and covered employees contribute at actuarially determined rates for both 2010 and 2011, 14% and 10%, respectively, of covered employee payroll to OPERS. The Authority’s contributions to OPERS for the years ended June 30, 2011, 2010, and 2009 were \$31,321, \$28,288, and \$27,325, respectively which were equal to the required contributions for each year. The employees’ contributions to OPERS for June 30, 2011, 2010, 2009 were \$22,372, \$20,440, and \$18,988. 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 July 1 through December 31, 2010. 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.

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

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

Employer contributions are advance-funded on an actuarially determined basis and are determined by state statute. The Traditional Pension and Combined Plans had 357,584 active contributing participants as of December 31, 2010. The number of active contributing participants for both plans used in the December 31, 2008 actuarial valuation was 356,388.

Employer contributions made to fund post-employment benefits were approximately \$10,322.

The assumptions and calculations used below were based on the System’s latest Actuarial Review performed as of December 31, 2008 (latest actuarial review). 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 (actual 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 to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor. The investment assumption rate for 2008 was 6.5 percent.

OPERS (assuming the number of active employees remains constant) assumes an annual increase of 4.00% compounded annually for the base portion of an individual’s pay increase. Additionally, annual pay increases, over and above the 4.00% base increase, were assumed to range from 0.50% to 6.3%.

Health care costs were assumed to increase at a projected wage inflation rate plus an additional factor ranging from .50% to 4% for the next 7 years. In subsequent years (8 and beyond), health care costs were assumed to increase 4% (the projected wage inflation rate).

As of December 31, 2008, the audited estimated net assets available for OPEB were \$10.7 billion. The actuarial accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used were \$29.6 billion and \$18.9 billion, respectively.

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 June 30, 2011:

<u>Balance at July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at June 30, 2011</u>	<u>Due in One Year</u>
\$61,446	\$30,114	\$(28,017)	\$63,543	\$2,097

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(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 June 30, 2011.

B. Litigation

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

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY**

**STATEMENT OF NET ASSETS
FDS SCHEDULE SUBMITTED TO HUD
JUNE 30, 2011**

FDS Line Item No.	Account Description	14.871 Section 8 Housing Choice Vouchers	Business Activities	Total
	Current Assets			
	Cash			
111	Cash - Unrestricted	\$ 150,862	\$ 183,353	\$ 334,215
113	Cash - Other Restricted	157,687	-	157,687
100	Total Cash	<u>308,549</u>	<u>183,353</u>	<u>491,902</u>
	Accounts Receivable			
125	Accounts Receivable - Miscellaneous	3,083	-	3,083
128	Fraud Recovery	22,387	-	22,387
128.1	Allowance for Doubtful Accounts	(22,387)	-	(22,387)
129	Accrued Interest	-	-	-
120	Total Receivables, Net of Allowance for Doubtful Accounts	<u>3,083</u>	<u>-</u>	<u>3,083</u>
	Other Assets			
142	Prepaid Items	2,751	-	2,751
150	Total Current Assets	<u>314,383</u>	<u>183,353</u>	<u>497,736</u>
	Noncurrent Assets			
	Capital Assets			
161	Land	-	10,000	10,000
162	Buildings	-	109,000	109,000
164	Furniture and Equipment - Administration	30,530	-	30,530
165	Leasehold Improvements	76,001	-	76,001
166	Accumulated Depreciation	(69,273)	(106,275)	(175,548)
160	Total Capital Assets net of accumulated depreciation	<u>37,258</u>	<u>12,725</u>	<u>49,983</u>
180	Total Noncurrent Assets	<u>37,258</u>	<u>12,725</u>	<u>49,983</u>
190	Total Assets	<u>\$ 351,641</u>	<u>\$ 196,078</u>	<u>\$ 547,719</u>

NOTE FOR REAC REPORTING: The accompanying statements have been prepared in accordance with the format as required for HUD's electronic filing REAC system. The format and classifications of various line items may differ from those used in the preparation of the financial statements presented in accordance with accounting principles generally accepted in the United States of America.

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY**

**STATEMENT OF NET ASSETS
FDS SCHEDULE SUBMITTED TO HUD
JUNE 30, 2011
(Continued)**

FDS Line Item No.	Account Description	14.871 Section 8 Housing Choice Vouchers	Business Activities	Total
	Current Liabilities			
312	Accounts Payable	\$ 5,215	\$ -	\$ 5,215
321	Accrued Wages and Payroll Taxes	5,330	-	5,330
322	Accrued Compensated Absences - Current	2,097	-	2,097
342	Unearned Revenue	<u>26,372</u>	<u>-</u>	<u>105,488</u>
310	Total Current Liabilities	<u>39,014</u>	<u>-</u>	<u>39,014</u>
	Non-Current Liabilities			
354	Accrued Compensationd Absences-Non-Current	<u>61,446</u>	<u>-</u>	<u>61,446</u>
350	Total Non-Current Liabilities	<u>61,446</u>	<u>-</u>	<u>61,446</u>
300	Total Liabilities	<u>100,460</u>	<u>-</u>	<u>100,460</u>
	Net Assets			
508.1	Invested in Capital Assets	37,258	12,725	49,983
511.1	Restricted Net Assets	157,687	-	157,687
512.1	Unrestricted Net Assets	<u>56,236</u>	<u>183,353</u>	<u>239,589</u>
	Total Net Assets	<u>251,181</u>	<u>196,078</u>	<u>447,259</u>
600	Total Liabilities and Net Assets	<u>\$ 351,641</u>	<u>\$ 196,078</u>	<u>\$ 547,719</u>

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FDS SCHEDULE SUBMITTED TO HUD
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

FDS Line Item No.	Account Description	14.871 Section 8 Housing Choice Vouchers	Business Activities	Total
	Revenue			
70600-010	Housing Assistance Payment Revenues	\$ 2,458,322		\$ 2,458,322
70600-020	Administrative Fees Revenues	311,018		311,018
70600	HUD PHA Operating Grants	<u>2,769,340</u>		<u>2,769,340</u>
71100	Investment Income - Unrestricted	381	\$ 585	966
71400-010	Housing Assistance Payments	3,054	-	3,054
71400-020	Administrative Fees	3,054	-	3,054
71400	Fraud Recovery	<u>6,108</u>	-	<u>6,108</u>
71500	Other Revenue	-	82,211	82,211
72000	Investment Income - Restricted	476	-	476
70000	Total Revenue	<u>2,776,305</u>	<u>82,796</u>	<u>2,859,101</u>
	Expenses			
91100	Administrative Salaries	163,710	60,014	223,724
91200	Auditing Fees	4,866	-	4,866
91310	Book-keeping Fee	21,120	-	21,120
91400	Advertising and Marketing	187	-	187
91500	Employee Benefit Contribution - Administrative	58,836	22,197	81,033
91600	Office Expenses	46,265	13	46,278
91700	Legal Expense	790	-	790
91800	Travel	1,848	-	1,848
91900	Other	<u>2,069</u>	-	<u>2,069</u>
91000	Total Operating - Administrative	<u>299,691</u>	<u>82,224</u>	<u>381,915</u>
94200	Ordinary Maintenance and Operations - Materials and Other	12,905	-	12,905
94000	Total Maintenance and Operations	<u>12,905</u>	-	<u>12,905</u>
96120	Liability Insurance	7,036	-	7,036
96130	Workmen's Compensation	3,791	-	3,791
96100	Total Insurance Premiums	<u>10,827</u>	-	<u>10,827</u>
96210	Compensated Absences	2,097	-	2,097
96100	Total Other General Expenses	<u>2,097</u>	-	<u>2,097</u>
96900	Total Operating Expenses	<u>325,520</u>	<u>82,224</u>	<u>407,744</u>
97000	Excess Operating Revenue Over Operating Expenses	<u>2,450,785</u>	<u>572</u>	<u>2,451,357</u>
	Other Expenses			
97300	Housing Assistance Payments	2,472,834	-	2,472,834
97400	Depreciation Expense	7,717	5,450	13,167
	Total Other Expenses	<u>2,480,551</u>	<u>5,450</u>	<u>2,486,001</u>
90000	Total Expenses	<u>2,806,071</u>	<u>87,674</u>	<u>2,893,745</u>
10000	Excess of Revenues under Expenses	(29,766)	(4,878)	(34,644)
11030	Beginning Net Assets	280,947	200,956	481,903
11170	Administrative Fee Equity	93,494	-	93,494
11180	Housing Assistance Payment Equity	157,687	-	157,687
	Total Ending Net Assets	<u>\$ 251,181</u>	<u>\$ 196,078</u>	<u>\$ 447,259</u>

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY**

**STATEMENT OF CHANGES IN EQUITY BALANCES
FDS SCHEDULE SUBMITTED TO HUD
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

FDS Line Item No.	Account Description	14.871 Housing Choice Vouchers	
11170-001	Administrative Fee Equity - Beginning Balance		\$ 112,278
11170-010	Administrative Fee Revenue	\$ 311,018	
11170-040	Investment Income	381	
11170-045	Fraud Recovery Revenue	<u>3,054</u>	
11170-060	Total Administrative Fee Revenues		314,453
11170-080	Total Operating Expenses	325,520	
11170-090	Depreciation	<u>7,717</u>	
11170-110	Total Expenses		<u>333,237</u>
11170-002	Net Administrative Fee		<u>(18,784)</u>
11170-003	Administrative Fee Equity - Ending Balance		93,494
11170	Administrative Fee Equity		<u><u>\$ 93,494</u></u>
11180-001	Housing Assistance Payments Equity - Beginning Balance		\$ 168,669
11180-010	Housing Assistance Payment Revenues	2,458,322	
11180-015	Fraud Recovery Revenue	3,054	
11180-025	Investment Income	<u>476</u>	
11180-030	Total Housing Assistance Payments Revenues		2,461,852
11180-080	Housing Assistance Payments	<u>2,472,834</u>	
11180-100	Total Housing Assistance Payments Expenses		<u>2,472,834</u>
11180-002	Net Housing Assistance Payments		<u>(10,982)</u>
11180-003	Housing Assistance Payments Equity - Ending Balance		157,687
11180	Housing Assistance Payments Equity		<u><u>\$ 157,687</u></u>

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<u>Federal Grantor / Pass Through Grantor Program Title</u>	<u>Pass-Through Number</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>			
Section 8 Housing Choice Vouchers	N/A	14.871	<u>\$ 2,769,340</u>
Total Federal Awards Expenditures			<u><u>\$ 2,769,340</u></u>

NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES

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



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

Board of Directors
Huron Metropolitan Housing Authority
645 West Harding Way
Norwalk, Ohio 44857

We have audited the financial statements of the Huron Metropolitan Housing Authority, Huron County, Ohio (the Authority) as of and for the fiscal year ended June 30, 2011, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated December 9, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

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

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

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

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS

Ten West Locust Street

Newark, Ohio 43055

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Huron Metropolitan Housing Authority
Board of Directors
Independent Auditors' Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*
Page 2

Compliance and Other Matters

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

We intend this report solely for the information and use of the Board of Directors, management, federal awarding agencies, and other members of the Authority. We intend it for no one anyone other than these specified parties.

Wilson, Shuman & Snow, Inc.

Newark, Ohio
December 9, 2011



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

Board of Directors
Huron Metropolitan Housing Authority
645 West Harding Way
Norwalk, Ohio 44857

Compliance

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

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

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

Internal Control over Compliance

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

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANT
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Huron Metropolitan Housing Authority
Board of Directors
Independent Auditors' Report on Compliance with Requirements
Applicable to Its Major Federal Program and on Internal Control
over Compliance in Accordance with *OMB Circular A-133*
Page 2

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

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

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

Wilson, Shuman & Snow, Inc.

Newark, Ohio
December 9, 2011

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY**

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

1. SUMMARY OF AUDITOR'S RESULTS

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

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY**

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.



Dave Yost • Auditor of State

HURON METROPOLITAN HOUSING AUTHORITY

HURON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JANUARY 24, 2012