

AUDITED BASIC FINANCIAL STATEMENTS
OF THE
HURON METROPOLITAN HOUSING AUTHORITY
JULY 1, 2011 – JUNE 30, 2012





Dave Yost • Auditor of State

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

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, 2011 through June 30, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The 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

February 6, 2013

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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, 2012, 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, 2012, 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 14, 2012, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
Ten West Locust Street
Newark, Ohio 43055
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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, Shuman & Snow, Inc.

Newark, Ohio
December 14, 2012

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(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 2012, the Authority's net assets increased by \$189,580 (or 42.39%). Since the Authority engages only in business-type activities, the increase is all in the category of business-type net assets. Net assets for fiscal year 2012 were \$636,839 and net assets for fiscal year 2011 were \$447,259.

- Revenues increased by \$64,358 (or 2.25%) during fiscal year 2012, and were \$2,859,101 and \$2,923,459 for fiscal year 2011 and fiscal year 2012, respectively.

- Expenses of the Authority decreased by \$159,866 (or 5.52%). Total expenses were \$2,893,745 and \$2,733,879 for fiscal year 2011 and fiscal year 2012, respectively.

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(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, 2012
(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, 2012
(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>2012</u>	<u>2011</u>
Current and Other Assets	\$683,482	\$497,736
Capital Assets	<u>42,531</u>	<u>49,983</u>
Total Assets	<u>726,013</u>	<u>547,719</u>
Current Liabilities	25,631	39,014
Non-Current Liabilities	<u>63,543</u>	<u>61,446</u>
Total Liabilities	<u>89,174</u>	<u>100,460</u>
Net Assets:		
Invested in Capital Assets	42,531	49,983
Restricted	331,700	157,687
Unrestricted	<u>262,608</u>	<u>239,589</u>
Total Net Assets	<u>\$636,839</u>	<u>\$447,259</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, 2012
(UNAUDITED)**

Major Factors Affecting the Statement of Net Assets

Current and other assets increased by \$185,746 in fiscal year 2012. This difference mostly represents the change of the current year surplus which increased current assets (primarily cash). Liabilities decreased by \$11,286 in fiscal year 2012 due to administrative fee funding received in fiscal year 2011 being used in fiscal year 2012 (unearned 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, \$331,700 is considered restricted.

Capital assets decreased \$7,452 during fiscal year 2012. The decrease is attributed to current year depreciation exceeding current year additions. 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, 2011		\$239,589
Results of Operations	\$ 15,567	
Adjustments:		
Depreciation (1)	<u>8,388</u>	
Adjusted Results from Operations		23,955
Capital Expenditures		<u>(936)</u>
Unrestricted Net Assets June 30, 2012		<u>\$262,608</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, 2011		\$157,687
Results of Operations		
HAP Reserves Used	\$ 169,841	
Fraud Recovery Payments	3,737	
Interest on HAP	<u>435</u>	
Adjusted Results from Operations		<u>174,013</u>
Restricted Net Assets June 30, 2012		<u>\$331,700</u>

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(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>2012</u>	<u>2011</u>
Revenues		
HUD PHA Operating Grants	\$2,837,639	\$2,769,340
Interest	809	1,442
Other Revenues	<u>85,011</u>	<u>88,319</u>
Total Revenue	<u>2,923,459</u>	<u>2,859,101</u>
Expenses		
Administrative	350,336	384,012
Maintenance	7,252	12,905
General	10,036	10,827
Housing Assistance Payments	2,357,867	2,472,834
Depreciation	<u>8,388</u>	<u>13,167</u>
Total Expenses	<u>2,733,879</u>	<u>2,893,745</u>
Change in Net Assets	189,580	(34,644)
Net Assets at July 1	<u>447,259</u>	<u>481,903</u>
Net Assets at June 30	\$ <u>636,839</u>	\$ <u>447,259</u>

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

HUD PHA Operating Grants increased by \$68,299 in grant funding from HUD in fiscal year 2012. Although leasing rates remained fairly consistent at around 100%, grant revenues increased while housing assistance payments decreased which resulted in an increase of HAP reserves which will be used to meet housing assistance payment deficits in the future. Decreased in housing assistance payments result from changes in payment standards and utility allowance schedules.

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 2012 was the result of the Authority receiving less revenue from providing inspection services.

Annual payroll changes, including reduction of staff during fiscal year 2012, contributed to the change in the Administrative expenses category in fiscal year 2012. 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, 2012
(UNAUDITED)**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2012, the Authority had \$42,531 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>2012</u>	<u>2011</u>
Capital Assets, Cost	\$226,467	\$225,531
Accumulated Depreciation	(183,936)	(175,548)
Total	\$ <u>42,531</u>	\$ <u>49,983</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	\$49,983
Purchases	936
Depreciation	(8,388)
Ending Balance	\$ <u>42,531</u>

There were additions of computers totaling \$936 in fiscal year 2012. There were no disposals during fiscal year 2012.

Debt Outstanding

As of June 30, 2012, 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, 2012
(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, 2012**

Assets

Current Assets:

Cash and Cash Equivalents	\$ 346,065
Accounts Receivable, net	3,665
Prepaid Items	<u>2,052</u>
Total Current Assets	<u>351,782</u>

Non-Current Assets:

Restricted Cash	331,700
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Capital Assets:

Land	10,000
Buildings	109,000
Vehicles and Equipment	31,466
Leasehold Improvements	76,001
Accumulated Depreciation	<u>(183,936)</u>
Total Capital Assets	<u>42,531</u>

Total Non-Current Assets	<u>374,231</u>
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Total Assets	<u><u>726,013</u></u>
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Liabilities

Current Liabilities:

Accounts Payable	4,716
Accrued Wages and Payroll Taxes	5,436
Accrued Compensated Absences	7,239
Unearned Revenue	<u>8,240</u>

Total Current Liabilities	<u>25,631</u>
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Non-Current Liabilities:

Accrued Compensated Absences	<u>63,543</u>
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Total Non-Current Liabilities	<u>63,543</u>
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Total Liabilities	<u>89,174</u>
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Net Assets

Invested in Capital Assets	42,531
Restricted	331,700
Unrestricted	<u>262,608</u>

Total Net Assets	<u><u>\$ 636,839</u></u>
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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, 2012**

Operating Revenues		
HUD PHA Operating Grants		\$ 2,837,639
Fraud Recovery		7,474
Other Revenues		<u>77,537</u>
Total Operating Revenue		<u>2,922,650</u>
Operating Expenses		
Housing Assistance Payments	2,357,867	
Salaries	192,575	
Employee Benefits	76,768	
Other Administrative Expense	80,993	
Ordinary Maintenance & Operations	7,252	
Depreciation	8,388	
General	<u>10,036</u>	
Total Operating Expenses		<u>2,733,879</u>
Operating Income		<u>188,771</u>
Nonoperating Revenues		
Interest		<u>809</u>
Total Nonoperating Revenues		<u>809</u>
Change in Net Assets		189,580
Net Assets at July 1, 2011		<u>447,259</u>
Net Assets at June 30, 2012		\$ <u><u>636,839</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, 2012**

Cash flows from operating activities:

Cash received from HUD	\$ 2,801,022
Cash received from other sources	85,012
Cash payments to employees for services	(261,998)
Cash payments for good or services - HUD	(2,357,867)
Cash payments for goods or services	<u>(80,179)</u>
Net cash provided by operating activities	<u>185,990</u>

Cash flows from capital activities:

Purchases of capital assets	<u>(936)</u>
Net cash used in capital activities	<u>(936)</u>

Cash flows from investing activities:

Interest	<u>809</u>
Net cash provided by investing activities	<u>809</u>
Net change in cash and cash equivalents	185,863
Cash and cash equivalents at July 1, 2011	<u>491,902</u>
Cash and cash equivalents at June 30, 2012	<u><u>\$ 677,765</u></u>

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

Operating income	\$ 188,771
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	8,388
Changes in assets and liabilities:	
Accounts receivable, net	(582)
Prepaid items	699
Accounts payable	(499)
Accrued wages and payroll taxes	106
Other liabilities	<u>(10,893)</u>
Net cash provided by operating activities	<u><u>\$ 185,990</u></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, 2012**

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, 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 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, 2012
(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 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, 2012
(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 fiscal 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, 2012
(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 \$331,700.

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.

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, 2012 are as follows:

	Checking	Savings
Demand deposits:		
Bank balance	\$100,697	\$ 581,041
Items-in-transit	(4,023)	-
Carrying balance	\$ 96,674	\$581,041

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(CONTINUED)**

2. CASH AND CASH EQUIVALENTS - CONTINUED

Of the fiscal year-end cash balance, \$250,000 was covered by federal deposit insurance with the remaining \$427,715 being covered by pooled collateral held by the financial institution. In addition, \$50 was maintained in petty cash funds which is included in cash and cash equivalents presented on the statement of net assets.

Based on the Authority having only demand deposits at June 30, 2012, 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 fiscal 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

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**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(CONTINUED)**

4. CAPITAL ASSETS

The following is a summary of capital assets at June 30, 2012:

	<u>Balance at June 30, 2011</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at June 30, 2012</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>19,270</u>	<u>936</u>	<u>0</u>	<u>20,206</u>
Total Capital Assets Depreciated	<u>215,531</u>	<u>936</u>	<u>0</u>	<u>216,467</u>
Accumulated Depreciation				
Building and Improvements	(148,969)	(7,502)	0	(156,471)
Vehicles	(10,633)	(127)	0	(10,760)
Equipment	<u>(15,946)</u>	<u>(759)</u>	<u>0</u>	<u>(16,705)</u>
Total Accumulated Depreciation	<u>(175,548)</u>	<u>(8,388)</u>	<u>0</u>	<u>(183,936)</u>
Total Capital Assets Depreciated, Net	<u>39,983</u>	<u>(7,452)</u>	<u>0</u>	<u>32,531</u>
Total Capital Assets, Net	<u>\$ 49,983</u>	<u>\$(7,452)</u>	<u>\$ 0</u>	<u>\$ 42,531</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, 2012
(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 2011 and 2012, 14% and 10%, respectively, of covered employee payroll to OPERS. The Authority’s contributions to OPERS for the years ended June 30, 2012, 2011, and 2010 were \$25,903, \$31,321, and \$28,288, respectively which were equal to the required contributions for each year. The employees’ contributions to OPERS for June 30, 2012, 2011, 2010 were \$18,534, \$22,372, and \$20,440. 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 for members in the Traditional Plan was 4.0% during calendar year 2011(latest information available).The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2011. The portion of employer contributions allocated to health care for the calendar year beginning January 1, 2012 remained

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(CONTINUED)**

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

the same, but they are subject to change based on Board action. Employers will be notified if the portion allocated to health care changes during calendar year 2012. The OPERS Board of trustees is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Employer contributions made to fund post-employment benefits were approximately \$7,400.

The Health Care Preservation Fund (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective on January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008, which 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, 2012:

<u>Balance at July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at June 30, 2012</u>	<u>Due in One Year</u>
\$63,543	\$22,875	\$(15,636)	\$70,782	\$7,239

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, 2012.

B. Litigation

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

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**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY**

**STATEMENT OF NET ASSETS
FDS SCHEDULE SUBMITTED TO HUD
JUNE 30, 2012**

FDS Line Item No.	Account Description	14.871 Section 8 Housing Choice Vouchers	Business Activities	Total
	Current Assets			
	Cash			
111	Cash - Unrestricted	\$ 162,482	\$ 183,583	\$ 346,065
113	Cash - Other Restricted	331,700	-	331,700
100	Total Cash	494,182	183,583	677,765
	Accounts Receivable			
125	Accounts Receivable - Miscellaneous	3,665	-	3,665
128	Fraud Recovery	8,531	-	8,531
128.1	Allowance for Doubtful Accounts	(8,531)	-	(8,531)
120	Total Receivables, Net of Allowance for Doubtful Accounts	3,665	-	3,665
	Other Assets			
142	Prepaid Items	2,052	-	2,052
150	Total Current Assets	499,899	183,583	683,482
	Noncurrent Assets			
	Capital Assets			
161	Land	-	10,000	10,000
162	Buildings	-	109,000	109,000
164	Furniture and Equipment - Administration	31,466	-	31,466
165	Leasehold Improvements	76,001	-	76,001
166	Accumulated Depreciation	(74,936)	(109,000)	(183,936)
160	Total Capital Assets net of accumulated depreciation	32,531	10,000	42,531
180	Total Noncurrent Assets	32,531	10,000	42,531
190	Total Assets	\$ 532,430	\$ 193,583	\$ 726,013
	Current Liabilities			
312	Accounts Payable	\$ 4,716	\$ -	\$ 4,716
321	Accrued Wages and Payroll Taxes	5,436	-	5,436
322	Accrued Compensated Absences - Current	7,239	-	7,239
342	Deferred Revenue	8,240	-	8,240
310	Total Current Liabilities	25,631	-	25,631
	Non-Current Liabilities			
354	Accrued Compensation Absences-Non-Current	63,543	-	63,543
350	Total Non-Current Liabilities	63,543	-	63,543
300	Total Liabilities	89,174	-	89,174
	Net Assets			
508.1	Invested in Capital Assets	32,531	10,000	42,531
511.1	Restricted Net Assets	331,700	-	331,700
512.1	Unrestricted Net Assets	79,025	183,583	262,608
	Total Net Assets	443,256	193,583	636,839
600	Total Liabilities and Net Assets	\$ 532,430	\$ 193,583	\$ 726,013

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 REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FDS SCHEDULE SUBMITTED TO HUD
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

FDS Line Item No.	Account Description	14.871 Section 8 Housing Choice Vouchers	Business Activities	14.239 HOME Investment Partnership Program	Total
Revenue					
70600-010	Housing Assistance Payment Revenues	\$ 2,523,277			\$ 2,523,277
70600-020	Administrative Fees Revenues	309,488			309,488
70600	HUD PHA Operating Grants	2,832,765		\$ 4,874	2,837,639
71100	Investment Income - Unrestricted	144	\$ 230	-	374
71400-010	Housing Assistance Payments	3,737	-	-	3,737
71400-020	Administrative Fees	3,737	-	-	3,737
71400	Fraud Recovery	7,474	-	-	7,474
71500	Other Revenue	-	77,537	-	77,537
72000	Investment Income - Restricted	435	-	-	435
70000	Total Revenue	2,840,818	77,767	4,874	2,923,459
Expenses					
91100	Administrative Salaries	128,424	56,602	310	185,336
91200	Auditing Fees	5,299	-	-	5,299
91400	Advertising and Marketing	251	-	-	251
91500	Employee Benefit Contribution - Administrative	55,735	20,935	98	76,768
91600	Office Expenses	45,906	-	35	45,941
91700	Legal Expense	915	-	-	915
91800	Travel	6,303	-	-	6,303
91900	Other	22,284	-	-	22,284
91000	Total Operating - Administrative	265,117	77,537	443	343,097
94200	Ordinary Maintenance and Operations - Materials and Other	7,252	-	-	7,252
94000	Total Maintenance and Operations	7,252	-	-	7,252
96120	Liability Insurance	6,917	-	-	6,917
96130	Workmen's Compensation	3,119	-	-	3,119
96100	Total Insurance Premiums	10,036	-	-	10,036
96210	Compensated Absences	7,239	-	-	7,239
96100	Total Other General Expenses	7,239	-	-	7,239
96900	Total Operating Expenses	289,644	77,537	443	367,624
97000	Excess Operating Revenue Over Operating Expenses	2,551,174	230	4,431	2,555,835
Other Expenses					
97300	Housing Assistance Payments	2,353,436	-	4,431	2,357,867
97400	Depreciation Expense	5,663	2,725	-	8,388
	Total Other Expenses	2,359,099	2,725	4,431	2,366,255
90000	Total Expenses	2,648,743	80,262	4,874	2,733,879
10000	Excess of Revenues under Expenses	192,075	(2,495)	-	189,580
11030	Beginning Net Assets	251,181	196,078	-	447,259
11170	Administrative Fee Equity	111,556	-	-	111,556
11180	Housing Assistance Payment Equity	331,700	-	-	331,700
	Total Ending Net Assets	\$ 443,256	\$ 193,583	\$ -	\$ 636,839

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY**

**STATEMENT OF CHANGES IN EQUITY BALANCES
FDS SCHEDULE SUBMITTED TO HUD
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

FDS Line Item No.	Account Description	14.871 Housing Choice Vouchers	
11170-001	Administrative Fee Equity - Beginning Balance		\$ 93,494
11170-010	Administrative Fee Revenue	\$ 309,488	
11170-040	Investment Income	144	
11170-045	Fraud Recovery Revenue	<u>3,737</u>	
11170-060	Total Administrative Fee Revenues		313,369
11170-080	Total Operating Expenses	289,644	
11170-090	Depreciation	<u>5,663</u>	
11170-110	Total Expenses		<u>295,307</u>
11170-002	Net Administrative Fee		<u>18,062</u>
11170-003	Administrative Fee Equity - Ending Balance		<u>111,556</u>
11170	Administrative Fee Equity		<u><u>\$ 111,556</u></u>
11180-001	Housing Assistance Payments Equity - Beginning Balance		\$ 157,687
11180-010	Housing Assistance Payment Revenues	2,523,277	
11180-015	Fraud Recovery Revenue	3,737	
11180-025	Investment Income	<u>435</u>	
11180-030	Total Housing Assistance Payments Revenues		2,527,449
11180-080	Housing Assistance Payments	<u>2,353,436</u>	
11180-100	Total Housing Assistance Payments Expenses		<u>2,353,436</u>
11180-002	Net Housing Assistance Payments		<u>174,013</u>
11180-003	Housing Assistance Payments Equity - Ending Balance		<u>331,700</u>
11180	Housing Assistance Payments Equity		<u><u>\$ 331,700</u></u>

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<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	\$ 2,832,765
<i>Passed Through the City of Norwalk</i>			
Home Investment Partnerships Program	N/A	14.239	<u>4,874</u>
Total Federal Awards Expenditures			<u><u>\$ 2,837,639</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.

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Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required By 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, 2012, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated December 14, 2012. 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
(740) 345-6611
1-800-523-6611
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Compliance and Other Matters

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

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

Wilson, Shuman & Snow, Inc.

Newark, Ohio
December 14, 2012



**Independent Auditors' Report on Compliance with Requirements
Applicable to Its Major Federal Program and on Internal Control over
Compliance Required By 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 could directly and materially affect the major federal program for the fiscal year ended June 30, 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. Our responsibility is to opine on the Authority's compliance based on our audit.

Our 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 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 these 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 these requirements.

In our opinion, the Huron 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 fiscal year ended June 30, 2012.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANT
Ten West Locus Street
Newark, Ohio 43061
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FAX (740) 345-563

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, to determine our 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, we 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.

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, pass through entities, and other members of the Authority. It is not intended to be and should not be used by anyone other than these specified parties.

Wilson, Shuman & Snow, Inc.

Newark, Ohio
December 14, 2012

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY**

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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, 2012

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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Dave Yost • Auditor of State

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
FEBRUARY 19, 2013**