

**BASIC FINANCIAL STATEMENTS  
AND SINGLE AUDIT**

**of the**

**ALLEN METROPOLITAN  
HOUSING AUTHORITY**

**for the**

**Year Ended June 30, 2010**





# Dave Yost • Auditor of State

Board of Directors  
Allen Metropolitan Housing Authority  
600 South Main Street  
Lima, Ohio 45804

We have reviewed the *Independent Auditors' Report* of the Allen Metropolitan Housing Authority, Allen County, prepared by Jones, Cochenour & Co., for the audit period July 1, 2009 through June 30, 2010. 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 Allen 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 25, 2011

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**ALLEN METROPOLITAN HOUSING AUTHORITY  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Allen Metropolitan Housing Authority  
600 South Main Street  
Lima, Ohio 45804

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

We have audited the accompanying financial statements of Allen Metropolitan Housing Authority, as of and for the year ended June 30, 2010, as listed in the table of contents. These basic financial statements are the responsibility of the Allen Metropolitan Housing Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 basic financial statements referred to above present fairly, in all material respects, the financial position of Allen Metropolitan Housing Authority, as of June 30, 2010, and the results of its operations and the cash flows of its proprietary fund type activities for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2010 on our consideration of Allen Metropolitan Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statement, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required

*much more than an accounting firm*

supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Authority taken as a whole. The supplemental data listed in the table of contents as the FDS Schedule and cost certification is presented for purposes of additional analysis and is not a required part of the financial statements of the Allen Metropolitan Housing Authority. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Jones, Cochenour & Co.  
December 1, 2010

**Allen Metropolitan Housing Authority**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2010**  
**UNAUDITED**

The following discussion and analysis of the Allen Metropolitan Housing Authority (the "Authority") is to provide an introduction to the basic financial statements for the fiscal year ended June 30, 2010 with selected comparative information for the fiscal year ended June 30, 2009. This discussion has been prepared by management and should be read in conjunction with the financial statements, notes to the financial statements, and supplementary information found in the report. This information taken collectively is designed to provide readers with an understanding of the Authority's finances.

**FINANCIAL HIGHLIGHTS**

- The assets of the Authority exceeded its liabilities at the close of fiscal year 2010 by \$12,289,064 (net assets). Of this amount, \$3,179,159 (unrestricted net assets) may be used to meet the Authority's ongoing obligations to citizens and creditors.
- Capital assets decreased by \$518,495.
- Net assets decreased by \$321,344 for the fiscal year ended June 30, 2010.
- Operating revenues increased \$79,528 primarily due to an increase in HUD operating grant subsidies. The Homeless Prevention and Rapid Re-housing monies were additional funds for this year.
- Operating expenses decreased by \$433,755 due to significant under leasing during the fiscal year and administrative changes due to attrition and changes in health insurance.
- The capital contributions increased \$16,344 due to additional capital fund monies received including the ARRA monies.
- Non-operating revenue decreased by \$20,185 due to the continuing lowering of interest rates.

**USING THIS ANNUAL REPORT**

The following graphic outlines the format of this report:

<p><b>MD&amp;A</b>  ~ Management Discussion and Analysis ~</p>
<p><b>Basic Financial Statements</b>  ~ Authority-wide Financial Statements ~  ~ Fund Financial Statement ~  ~ Notes to Financial Statements ~</p>
<p><b>Other Required Supplementary Information</b>  ~ Required Supplementary Information (other than MD&amp;A) ~</p>

The focus is on both the Authority as a whole (authority-wide) and the major individual funds. Both perspectives (authority-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or Authority to Authority) and enhance the Authority's accountability.



Allen Metropolitan Housing Authority  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2010  
UNAUDITED

#### Authority-Wide Financial Statements

The Authority-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, equals "Net Assets", formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current".

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

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

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

Unrestricted Net Assets: Consists of Net Assets that do not meet the definition of "Net Assets Invested in Capital Assets, Net of Related Debt", or "Restricted Net Assets". This account resembles the old operating reserves account.

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

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

Finally, a Statement of Cash Flows is included, which discloses net cash provided by, or used by operating activities, non-capital financing activities, and from capital and related financing activities.

#### Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is now on Major Funds, rather than fund types. The Authority consists exclusively of Enterprise Funds. Enterprise funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting.

The Department of Housing and Urban Development requires the funds be maintained by the Authority.

#### Business Type Funds:

Public Housing Program (PH) – Under the Public Housing Program, the Authority rents units that it owns to low-income households. The Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income. The Public Housing Program also includes the Capital Funds Program, which is the primary funding source for physical and management improvements to the Authority's properties.

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

**Allen Metropolitan Housing Authority**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2010**  
**UNAUDITED**

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

**Formula Stimulus Grant** – The Authority received funding through the American Recovery and Reinvestment Act as part of the Capital Fund Program. These funds were for physical improvements of the Authority's properties.

**Development** – Grant money received from the Department of Housing and Urban Development for further purchases or development of low income housing.

**Homeless Prevention and Rapid Re-housing Program (HPRP)** – Funding received from the City of Lima used to provide homelessness prevention assistance to households who would otherwise become homeless.

**Shelter Plus Care** – The funding received from the Department of Housing and Urban Development for this program is designed to link rental assistance to supportive services for hard-to-serve homeless persons with disabilities and their families if they are also homeless.

**Authority Activity Highlights**

**Revenues and Expenses**

The following is a summary of the results of operations of the Authority for the fiscal years ended June 30, 2010 and 2009:

	<u>2010</u>	<u>Restated 2009</u>
Operating revenues	\$ 6,714,085	\$ 6,634,557
Operating expenses	<u>7,334,483</u>	<u>7,768,238</u>
Operating income (loss)	(620,398)	(1,133,681)
Nonoperating:		
Revenue	16,773	36,958
Capital contributions	<u>282,281</u>	<u>265,937</u>
Change in net assets	(321,344)	(830,786)
Total Net Assets- Beginning of year	<u>12,610,408</u>	<u>13,441,194</u>
Total Net Assets- End of year	<u>\$ 12,289,064</u>	<u>\$ 12,610,408</u>

**Housing Units Managed**

The following table shows housing units managed by the Authority for the fiscal years ended June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Owned by Authority	<u>247</u>	<u>248</u>
Units under vouchers	1,041	1,041
Units under NC SR	<u>63</u>	<u>108</u>
Total Housing Units Managed	<u>1,351</u>	<u>1,397</u>

**Allen Metropolitan Housing Authority**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2010**  
**UNAUDITED**

**Changes in Capital Assets**

Total capital assets decreased from the previous year by \$518,495. The decrease is a result of less capital asset additions than the depreciation expense for the year. The following table shows how this amount is calculated for the fiscal years ended June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Capital assets	\$ 20,574,091	\$ 20,382,868
Accumulated depreciation	<u>(12,158,254)</u>	<u>(11,448,536)</u>
<b>Total capital assets, net</b>	<b><u>\$ 8,415,837</u></b>	<b><u>\$ 8,934,332</u></b>
Beginning Capital Assets	\$ 8,934,332	
Capital Fund additions	282,281	
Sale of property, net	(47,078)	
Depreciation expense	<u>(753,698)</u>	
Ending Capital Assets	<b><u>\$ 8,415,837</u></b>	

**Financial Position**

The statement of net assets presents the financial position of the Authority at the end of the fiscal year. The statement includes all assets and liabilities of the Authority. Net assets are the difference between total assets and total liabilities and are an indicator of the current fiscal health of the Authority. The following is a summarized comparison of the Authority's assets, liabilities, and net assets at June 30, 2010 and 2009:

	<u>2010</u>	<u>Restated 2009</u>
<b>Assets:</b>		
Current assets	\$ 4,148,001	\$ 3,937,553
Capital assets	8,415,837	8,934,332
Other assets	44,297	50,282
<b>Total Assets</b>	<b><u>12,608,135</u></b>	<b><u>12,922,167</u></b>
<b>Liabilities:</b>		
Current liabilities	251,579	253,564
Long-term liabilities	67,492	58,195
<b>Total Liabilities</b>	<b><u>319,071</u></b>	<b><u>311,759</u></b>
<b>Net Assets:</b>		
Invested in capital assets, net of related debt	8,415,837	8,934,332
Restricted - HAP	694,068	515,203
Unrestricted	3,179,159	3,160,873
<b>Total Net Assets</b>	<b><u>\$ 12,289,064</u></b>	<b><u>\$ 12,610,408</u></b>

**Allen Metropolitan Housing Authority**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2010**  
**UNAUDITED**

Capital assets are the largest asset reflected on the Authority's statement of net assets. The following is a summary of capital assets owned by the Authority at June 30, 2010:

Land	\$ 931,495
Building and improvements	19,044,302
Furniture and equipment	<u>598,294</u>
	20,574,091
Less: accumulated depreciation	<u>(12,158,254)</u>
Capital assets, net	<u><u>\$ 8,415,837</u></u>

The significant change in current assets is an increase in cash of \$181,924, due to an increase in the restricted cash and cash equivalents value. At fiscal year end we had an increase in net restricted assets due to under leasing and an increased HAP carryover from the previous fiscal year.

Current liabilities were lower as a result of a decrease over last fiscal year in accounts payable, accrued payroll and taxes, accrued compensated absences, and intergovernmental payables.

#### Economic Factors

The housing market in Lima has declined during the nation's recession. Allen County's unemployment rate is at 9.8% with a high over the last fiscal year of 12%. Foreclosure rates also remain high. Economic growth remains slow.

Currently both the Housing Choice Voucher Program and Public Housing Programs are leased at 95% - 100%. The current economic conditions have created tenants who are paying less rent and receiving higher utility assistance. Requests for services and the demand for housing assistance continue to increase.

AMHA has managed to maneuver these difficult times by continuing to make sound financial decisions. Expenses continue to be cut where possible, and the agency has managed to continue to operate effectively with current revenues. The agency maximized resources to efficiently manage the program funding. In addition AMHA partnered with the City of Lima and Allen County for a homelessness prevention grant. In the last 10 months an additional 52 families have been assisted. AMHA is a High Performer under SEMAP and uses capital fund monies to supplement the operations budget when needed. Stimulus funds were used for capital improvement to our housing inventory.

#### Requests for Information

The annual financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any information provided in this report or requests for additional information should be addressed to Anna Schnippel, Executive Director, Allen Metropolitan Housing Authority.

**Allen Metropolitan Housing Authority  
Statement of Net Assets  
June 30, 2010**

**ASSETS**

Cash and cash equivalents	\$ 3,138,764
Cash and cash equivalents - restricted	805,442
Receivables - net of allowance	113,326
Inventories - net of allowance	61,744
Prepaid expenses and other assets	<u>28,725</u>

**TOTAL CURRENT ASSETS** 4,148,001

Land	931,495
Capital assets - net	<u>7,484,342</u>

**TOTAL CAPITAL ASSETS** 8,415,837

Mortgage receivable - noncurrent	<u>44,297</u>
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**TOTAL ASSETS** 12,608,135

**LIABILITIES**

Accounts payable	27,296
Accrued payroll and taxes	40,104
Accrued compensated absences	39,904
Intergovernmental payables	4,048
Tenant security deposits	52,761
Deferred revenue	<u>87,466</u>

**TOTAL CURRENT LIABILITIES** 251,579

Accrued compensated absences	8,879
FSS liability	<u>58,613</u>

**TOTAL LONG-TERM LIABILITIES** 67,492

**TOTAL LIABILITIES** 319,071

**NET ASSETS**

Invested in capital assets - net of related debt	8,415,837
Restricted net assets	694,068
Unrestricted net assets	<u>3,179,159</u>

**NET ASSETS** \$ 12,289,064

See accompanying notes to the basic financial statements

**Allen Metropolitan Housing Authority  
Statement of Revenues, Expenses and Changes in Net Assets  
Year Ended June 30, 2010**

<b>OPERATING REVENUE</b>	
Tenant revenue	\$ 123,224
HUD operating grants	6,492,588
Other revenues	<u>98,273</u>
<b>TOTAL OPERATING REVENUE</b>	<b>6,714,085</b>
 <b>OPERATING EXPENSES</b>	
Administrative	997,634
Tenant services	130,641
Utilities	77,695
Maintenance	605,338
Insurance	95,151
General	64,343
Housing assistance payments	4,604,539
Depreciation	753,698
Bad debts	<u>5,444</u>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>7,334,483</u></b>
<b>OPERATING LOSS</b>	<b>(620,398)</b>
 <b>NON-OPERATING REVENUE</b>	
Interest income	16,773
HUD capital grants	<u>282,281</u>
<b>TOTAL NON-OPERATING REVENUE</b>	<b><u>299,054</u></b>
<b>CHANGE IN NET ASSETS</b>	<b>(321,344)</b>
<b>NET ASSETS BEGINNING OF YEAR, RESTATED</b>	<b><u>12,610,408</u></b>
<b>NET ASSETS END OF YEAR</b>	<b><u><u>\$ 12,289,064</u></u></b>

See accompanying notes to the basic financial statements

**Allen Metropolitan Housing Authority  
Statement of Cash Flows  
Year Ended June 30, 2010**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from tenants	\$	118,684
Cash received from HUD		6,445,944
Other revenue		98,273
Cash payments for HAP		(4,604,539)
Cash payments for other operating expenses		(1,960,363)
Cash payments to HUD and other governments		17,292
		115,291
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		<b>115,291</b>

**CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES**

Capital grants received for capital assets		282,281
Acquisition of capital assets		(282,281)
Proceeds from the sale of property		49,860
		49,860
<b>NET CASH PROVIDED BY CAPITAL AND FINANCING ACTIVITIES</b>		<b>49,860</b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest income		16,773
		16,773

**INCREASE IN CASH AND CASH EQUIVALENTS**

181,924

**CASH AND CASH EQUIVALENTS, BEGINNING**

3,762,282

**CASH AND CASH EQUIVALENTS, ENDING**     **\$     3,944,206**

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

Operating (loss)	\$	(620,398)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation		753,698
Gain on sale of capital assets		(2,780)
(Increase) decrease in:		
Receivables - net of allowance		(43,048)
Inventories - net of allowance		18,138
Prepaid expenses		4,522
Increase (decrease) in:		
Accounts payable		(11,366)
Accrued payroll and taxes		(17,163)
Accrued compensated absences		(4,945)
Intergovernmental payables		(66,126)
Tenant security deposits		5,557
Deferred revenue		87,466
FSS liabilities		11,736
		115,291
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$</b>	<b>115,291</b>

See accompanying notes to the basic financial statements

Allen Metropolitan Housing Authority  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

The financial statements of the Allen Metropolitan Housing Authority (the “Authority”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or after November 30, 1989, to its business-type activities and to its proprietary fund provided they do not conflict with or contradict GASB pronouncements. The more significant of the Authority’s accounting policies are described below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements – Management’s Discussion and Analysis – for State and Local Governments. Certain of the significant changes in the Statement include the following:

- The financial statements include:
  - A Management Discussion and Analysis (MD&A) section providing analysis of the Authority’s overall financial position and results of operations.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The Authority elected to implement the provisions of the Statement for the year ended June 30, 2004.

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 financial statements comply with the provisions of Governmental Accounting Standards Board (“GASB”) Statement No. 14, *The Financial Reporting Entity*, and Statement No. 39, *Determining Whether Certain Organizations are Component Units*, in that the financial statements include all organizations, activities, and functions for which the Authority is financially accountable. Financial accountability is defined by the component unit being fiscally dependent on the Authority. The Authority is not a component unit of any larger entity.

Basis of Presentation

The Authority’s basic financial statements consist of a statement of net assets, a statement of revenue, expenses and changes in net assets, and a statement of cash flows.

The Authority uses a single enterprise fund to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Enterprise fund reporting focuses on the determination of the change in net assets, financial position and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services.

Fund Accounting

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

Funds are classified into three categories: governmental, proprietary, and fiduciary. The Authority uses the proprietary category for its programs.

Proprietary Fund Types

Proprietary funds are used to account for the Authority’s ongoing activities which are similar to those found in the private sector. The following is the proprietary fund type:



Allen Metropolitan Housing Authority  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

**Enterprise Fund** – This fund is used to account for the operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**Measurement Focus/Basis of Accounting**

The proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. Pursuant to GASB Statement No. 20 *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the Authority follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

**Investments**

Investments are restricted by the provisions of the HUD Regulations (See Note 2). Investments are valued at market value.

**Fixed Assets**

Fixed assets are stated at cost and depreciation is computed using the straight line method over an 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 asset life, are not capitalized. The capitalization threshold is \$1,500. The following are the useful lives used for depreciation purposes:

Buildings – residential	27.5
Buildings – non residential	40
Building improvements	15
Furniture – dwelling	7
Furniture – non-dwelling	7
Equipment – dwelling	5
Equipment – non-dwelling	7
Autos and trucks	5
Computer hardware	3
Computer software	3
Leasehold improvements	15
Land improvements	15

**Cash and Cash Equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

**Interprogram payables/receivables**

The following is the detail to reconcile to the Federal Data Schedule (FDS) submitted to HUD. These are eliminated on the basic financial statements.

	Low Rent		Housing Choice		New Construction		
	Public Housing	Capital Fund	Vouchers	Substantial	Shelter		Total
				Rehabilitation	Care Plus		
Due From	\$ 22,203	\$ -	\$ 85,172	\$ -	\$ -	\$ -	\$ 107,375
Due To	\$ -	\$ (22,203)	\$ -	\$ (84,282)	\$ (890)	\$ -	\$ (107,375)

Allen Metropolitan Housing Authority  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

**Compensated Absences**

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

**Capital Contributions**

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

**Budgetary Accounting**

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

**Estimates**

The preparation of financial statements in conformity with 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 financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Receivables – net of allowance**

Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant receivable balances at the end of the year. The allowance for uncollectable receivables was \$800 at June 30, 2010.

**Inventories**

Inventories are stated at cost, (first-in, first-out method). Inventory consists of supplies and maintenance parts. The allowance for obsolete inventory was \$6,860 at June 30, 2010.

**Accounting and Reporting for Nonexchange Transactions**

The Authority previously adopted GASB 33. Non-exchange transactions occur when the Public Housing Authority (PHA) receives (or gives) value without directly giving equal value in return. GASB 33 identifies four classes of nonexchange transactions as follows:

- **Derived tax revenues:** result from assessments imposed on exchange transactions (i.e., income taxes, sales taxes and other assessments on earnings or consumption).
- **Imposed nonexchange revenues:** result from assessments imposed on nongovernmental entities, including individuals, other than assessments on exchange transactions (i.e. property taxes and fines).
- **Government-mandated nonexchange transactions:** occur when a government at one level provides resources to a government at another level and requires the recipient to use the resources for a specific purpose (i.e., federal programs that state or local governments are mandated to perform).

Allen Metropolitan Housing Authority  
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Fiscal Year Ended June 30, 2010

- **Voluntary non-exchange transactions:** result from legislative or contractual agreements, other than exchanges, entered into willingly by the parties to the agreement (i.e., certain grants and private donations).

PHA grants and subsidies will be defined as a government-mandated or voluntary nonexchange transaction.

GASB 33 establishes two distinct standards depending upon the kind of stipulation imposed by the provider.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

- **Time requirements specify (a) the period when resources are required to be used or when use may begin (for example, operating or capital grants for a specific period) or (b) that the resources are required to be maintained intact in perpetuity or until a specified date or event has occurred (for example, permanent endowments, term endowments, and similar agreements). Time requirements affect the timing of recognition of nonexchange transactions.**
- **Purpose restrictions specify the purpose for which resources are required to be used. (i.e. capital grants used for the purchase of capital assets). Purpose restrictions do not affect when a nonexchange transaction is recognized. However, PHAs that receive resources with purpose restrictions should report resulting net assets, equity, or fund balance as restricted.**

The PHA will recognize assets (liabilities) when all applicable eligibility requirements are met or resources received whichever is first. Eligibility requirements established by the provider may stipulate the qualifying characteristics of recipients, time requirements, allowable costs, and other contingencies.

The PHA will recognize revenues (expenses) when all applicable eligibility requirements are met. For transactions that have a time requirement for the beginning of the following period, PHAs should record resources received prior to that period as deferred revenue and the provider of those resources would record an advance.

The PHA receives government-mandated or voluntary nonexchange transactions, which do not specify time requirements. Upon award, the entire subsidy should be recognized as a receivable and revenue in the period when applicable eligibility requirements have been met.

**Deferred Revenue**

Deferred revenue arises when revenues are received before revenue recognition criteria have been satisfied.

**2. DEPOSITS AND INVESTMENTS**

**Deposits**

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

Active deposits are public deposits necessary to meet demands on the treasury. Such monies must be maintained either as cash in the Authority's Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Authority has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to passbook accounts.

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

Protection of Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) by eligible securities pledged by the financial institution as security for repayment, but surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Allen Metropolitan Housing Authority  
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**2. DEPOSITS AND INVESTMENTS - CONTINUED**

At fiscal year end June 30, 2010, the carrying amount of the Authority's deposits totaled \$3,944,206 and its bank balance was \$3,957,319. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of June 30, 2010, \$2,751,691 was exposed to custodial risk as discussed below.

Custodial credit risk is the risk that in the event of bank failure, the Authority's deposits may not be returned. The Authority's policy is to place deposits with major local banks approved by the Board. All deposits are collateralized with eligible securities in amounts equal to at least 110% of the carrying value of the deposits. Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

**Investments**

HUD, State Statute and Board Resolutions authorize the Authority to invest in obligations of the U.S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository fund, super NOW accounts, sweep accounts, separate trading of registered interest and principal of securities, mutual funds, bonds and other obligations of this State, and the State Treasurer's investment pool. Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose or arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specific dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian. The Authority had no formal investment policy and had no classified investments at June 30, 2010.

The Authority's investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category A includes investments that are insured or registered or for which the securities are held by the Authority or its agent in the Authority's name. Category B includes uninsured and unregistered investments for which the securities are held by the counterparty's Trust department or agent in the Authority's name. Category C includes uninsured and unregistered investments for which securities are held by the counterparty or its Trust department but not in the Authority's name.

**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 coverages and no settlements exceeded insurance coverage during the past three years.

The Authority participates in the State Housing Authorities Risk Pool (SHARP), a public entity risk plan that operates as a common risk management and insurance program for housing authorities. The authority pays insurance premiums directly to SHARP.

Allen Metropolitan Housing Authority  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2010

4. RESTRICTED CASH

Restricted cash balance as of June 30, 2010 consists of cash on hand for the following:

FSS escrow funds held for tenants	\$ 58,613
Tenant security deposits	52,761
Funds held from sale of house	49,859
HUD monies to be used for tenant housing assistance payments	<u>644,209</u>
<b>Total Restricted Cash</b>	<b><u>\$ 805,442</u></b>

5. CAPITAL ASSETS

The following is a summary of changes in capital assets:

	Balance 6/30/09	Additions	Deletions/ Corrections	Balance 6/30/10
<b>CAPITAL ASSETS, NOT BEING DEPRECIATED</b>				
Land	<u>\$ 939,145</u>	<u>\$ -</u>	<u>\$ (7,650)</u>	<u>\$ 931,495</u>
<b>CAPITAL ASSETS, BEING DEPRECIATED</b>				
Buildings and Improvements	\$ 18,839,355	\$ 204,947	\$ -	\$ 19,044,302
Furniture and equipment	604,368	77,334	(83,408)	598,294
Totals at Historical Costs	<u>19,443,723</u>	<u>282,281</u>	<u>(83,408)</u>	<u>19,642,596</u>
<b>ACCUMULATED DEPRECIATION</b>				
Buildings and Improvements	(10,890,740)	(729,366)	43,980	(11,576,126)
Furniture and equipment	(557,796)	(24,332)	-	(582,128)
	<u>(11,448,536)</u>	<u>(753,698)</u>	<u>43,980</u>	<u>(12,158,254)</u>
<b>TOTAL CAPITAL ASSETS, BEING DEPRECIATED, NET</b>	<u>7,995,187</u>	<u>(471,417)</u>	<u>(39,428)</u>	<u>7,484,342</u>
<b>TOTAL CAPITAL ASSETS, NET</b>	<u>\$ 8,934,332</u>	<u>\$ (471,417)</u>	<u>\$ (47,078)</u>	<u>\$ 8,415,837</u>

6. LONG-TERM LIABILITIES

The following is a summary of long-term liabilities:

	Balance 6/30/2009	Increases	Decreases	Forfeited	Balance 6/30/2010	Due Within One Year
<b>Compensated Absences</b>						
Public Housing	\$ 26,451	\$ 30,724	\$ (27,971)	\$ (5,863)	\$ 23,341	\$ 3,180
Section 8	27,277	32,602	(31,347)	(3,090)	25,442	5,699
Total Compensated Absence Liability	<u>\$ 53,728</u>	<u>\$ 63,326</u>	<u>\$ (59,318)</u>	<u>\$ (8,953)</u>	<u>\$ 48,783</u>	<u>\$ 8,879</u>
Long-term Compensated Absences					<u>\$ 39,904</u>	
<b>FSS Liability</b>						
	<u>\$ 46,877</u>	<u>\$ 42,780</u>	<u>\$ (31,044)</u>		<u>\$ 58,613</u>	<u>\$ -</u>

Allen Metropolitan Housing Authority  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2010

**7. DEFINED BENEFIT PENSION PLANS**

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

- 1) The Traditional Pension Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan.
- 2) The Member-Directed Plan (MD) – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
- 3) The Combined Plan (CO) – 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, survivor and death benefits, and annual cost-of-living adjustments to qualifying members of both the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by State statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. Plan members are required to contribute 10% of their annual covered salary to fund pension obligations. The employer pension contribution rate for the Authority was 14% of covered payroll. The Authority's required contributions to OPERS for the years ending June 30, 2010, 2009, and 2008 were \$115,701, \$126,779, and \$113,067.

**8. POSTEMPLOYMENT BENEFITS**

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

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

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

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution (5.5%) to OPERS is set aside for the funding of post retirement health care benefits. Actual Authority contributions for 2010 which were used to fund post-employment benefits were \$6,364.

Allen Metropolitan Housing Authority  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2010

**9. FDS SCHEDULE SUBMITTED TO HUD**

For the fiscal year ended June 30, 2010, the Authority electronically submitted an unaudited version of the combining balance sheet, statement of revenues, expenses and changes in retained earnings and other data to HUD as required on the GAAP basis. The audited version of the FDS schedules are in the supplemental data. The schedules are presented in the manner prescribed by Housing and Urban Development.

**10. MORTGAGES RECEIVABLE**

On July 11, 2006, the Authority sold a house to an eligible family under a Section 5(b) Homeownership Program. Under this program, the new homeowner is obligated to live in the home for a 10-year period or else repay the \$35,753 loan to the Authority. After 61 months, the loan will be forgiven at the rate of 1/60th of the original balance. The interest free loan will begin to accrue interest at 10 percent per annum upon default by the homeowner.

On October 31, 2007, the Authority sold a house to an eligible family under a Section 5 (h) Homeownership Program. Under this program, the new homeowner is obligated to live in the home for a 10-year period or else repay the \$24,088 loan to the Authority. After the 10 years, the loan will be forgiven at the rate of 1/60th of the original balance. The interest-free loan will begin to accrue interest at 10 percent per annum upon default by the homeowner.

**11. SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The accompanying Schedule of Expenditures of Federal Awards is a summary of the activity of the Authority's federal award programs. The schedule has been prepared on the accrual basis of accounting prescribed by the U.S. Department of Housing and Urban Development.

**12. BEGINNING NET ASSETS RESTATED**

The Authority closed a project in the Development Program that was completed in prior years, recognizing the deferred revenue and transferring the equity to the Public Housing Program, restating the beginning net assets as follows:

	Net Assets 6/30/2009	Transfers	Restated Net Assets 6/30/2009
Development	\$ 1,590,960	\$ (1,590,960)	\$ -
Public Housing	9,085,912	1,659,871	10,745,783
N/C S/R	-	2,151	2,151
Other Programs	1,862,474	-	1,862,474
	\$ 12,539,346	\$ 71,062	\$ 12,610,408

**13. COMPLAINTS FILED**

In 2010, a complaint was filed with the Ohio Civil Rights Commission (OCRC) against the Authority alleging discrimination against a physical disability. The Authority agreed to provide Section 8 vouchers for a three-bedroom apartment and pay \$500 in settlement fees to resolve the issue.

**14. SUBSEQUENT EVENTS**

As of the date of this report, two lawsuits by former employees for wrongful termination have been filed against the Authority. Both lawsuits are asking for damages in excess of \$25,000. Since these lawsuits have been filed recently, no evaluation of their outcome has been performed.

There were no other subsequent events noted through December 1, 2010, the date the financial statements were available to be issued. Any subsequent events after that date have not been evaluated.

**Allen Metropolitan Housing Authority  
Balance Sheet  
FDS Schedule Submitted to HUD  
Proprietary Fund Type  
Enterprise Fund  
June 30, 2010**

	Project Total	14.871 Housing Choice Vouchers	8 Other Federal Program 1	1 Business Activities	14.182 N/C S/R Section 8 Programs	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	14.238 Shelter Plus Care	14.885 Formula Capital Fund Stimulus Grant	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$1,835,218	\$973,878	\$0	\$242,202		\$87,466			\$3,138,764		\$3,138,764
113 Cash - Other Restricted	\$49,859	\$702,822	\$0						\$752,681		\$752,681
114 Cash - Tenant Security Deposits	\$52,761								\$52,761		\$52,761
100 Total Cash	\$1,937,838	\$1,676,700	\$0	\$242,202	\$0	\$87,466	\$0	\$0	\$3,944,206	\$0	\$3,944,206
121 Accounts Receivable - PHA Projects					\$84,282				\$84,282		\$84,282
122 Accounts Receivable - HUD Other Projects	\$22,203						\$890		\$23,093		\$23,093
126 Accounts Receivable - Tenants	\$6,751								\$6,751		\$6,751
126.1 Allowance for Doubtful Accounts - Tenants	-\$800								-\$800		-\$800
126.2 Allowance for Doubtful Accounts - Other	-\$1,358				\$0		\$0		-\$1,358		-\$1,358
127 Notes, Loans, & Mortgages Receivable - Current	\$1,358								\$1,358		\$1,358
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$28,154	\$0	\$0	\$0	\$84,282	\$0	\$890	\$0	\$113,326	\$0	\$113,326
142 Prepaid Expenses and Other Assets	\$28,725								\$28,725		\$28,725
143 Inventories	\$68,604								\$68,604		\$68,604
143.1 Allowance for Obsolete Inventories	-\$6,860								-\$6,860		-\$6,860
144 Inter Program Due From	\$22,203	\$85,172							\$107,375	-\$107,375	\$0
150 Total Current Assets	\$2,078,664	\$1,761,872	\$0	\$242,202	\$84,282	\$87,466	\$890	\$0	\$4,255,376	-\$107,375	\$4,148,001
161 Land	\$931,495		\$0	\$168,354					\$1,099,849		\$1,099,849
162 Buildings	\$17,868,826		\$0						\$17,868,826		\$17,868,826
163 Furniture, Equipment & Machinery - Dwellings	\$74,289								\$74,289		\$74,289
164 Furniture, Equipment & Machinery - Administration	\$451,295	\$72,710							\$524,005		\$524,005
165 Leasehold Improvements	\$979,379	\$27,743	\$0						\$1,007,122		\$1,007,122
166 Accumulated Depreciation	-\$12,067,947	-\$68,884	\$0	-\$21,423					-\$12,158,254		-\$12,158,254
160 Total Capital Assets, Net of Accumulated Depreciation	\$8,237,337	\$31,569	\$0	\$146,931	\$0	\$0	\$0	\$0	\$8,415,837	\$0	\$8,415,837
171 Notes, Loans and Mortgages Receivable - Non-Current	\$44,297								\$44,297		\$44,297
180 Total Non-Current Assets	\$8,281,634	\$31,569	\$0	\$146,931	\$0	\$0	\$0	\$0	\$8,460,134	\$0	\$8,460,134
190 Total Assets	\$10,360,298	\$1,793,441	\$0	\$389,133	\$84,282	\$87,466	\$890	\$0	\$12,715,510	-\$107,375	\$12,608,135

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**Allen Metropolitan Housing Authority  
Balance Sheet  
FDS Schedule Submitted to HUD  
Proprietary Fund Type  
Enterprise Fund  
June 30, 2010**

	Project Total	14.871 Housing Choice Vouchers	8 Other Federal Program 1	1 Business Activities	14.182 N/C S/R Section 8 Programs	14.257 Homeless ness Prevention and Rapid Re-Housing Program (RAF)	14.238 Shelter Plus Care	14.885 Formula Capital Fund Stimulus Grant	Subtotal	ELIM	Total
312 Accounts Payable <= 90 Days	\$6,237	\$21,059							\$27,296		\$27,296
321 Accrued Wage/Payroll Taxes Payable	\$15,437	\$24,667							\$40,104		\$40,104
322 Accrued Compensated Absences - Current Portion	\$20,160	\$19,744							\$39,904		\$39,904
333 Accounts Payable - Other Government	\$4,048								\$4,048		\$4,048
341 Tenant Security Deposits	\$52,761								\$52,761		\$52,761
342 Deferred Revenues			\$0			\$87,466			\$87,466		\$87,466
347 Inter Program - Due To	\$22,203				\$84,282		\$890		\$107,375	-\$107,375	\$0
310 Total Current Liabilities	\$120,846	\$65,470	\$0	\$0	\$84,282	\$87,466	\$890	\$0	\$358,954	-\$107,375	\$251,579
353 Non-current Liabilities - Other		\$58,613							\$58,613		\$58,613
354 Accrued Compensated Absences - Non Current	\$3,181	\$5,698							\$8,879		\$8,879
350 Total Non-Current Liabilities	\$3,181	\$64,311	\$0	\$0	\$0	\$0	\$0	\$0	\$67,492	\$0	\$67,492
300 Total Liabilities	\$124,027	\$129,781	\$0	\$0	\$84,282	\$87,466	\$890	\$0	\$426,446	-\$107,375	\$319,071
508.1 Invested In Capital Assets, Net of Related Debt	\$8,237,337	\$31,569	\$0	\$146,931					\$8,415,837		\$8,415,837
511.1 Restricted Net Assets	\$49,859	\$644,209	\$0						\$694,068		\$694,068
512.1 Unrestricted Net Assets	\$1,949,075	\$987,882	\$0	\$242,202	\$0	\$0	\$0	\$0	\$3,179,159		\$3,179,159
513 Total Equity/Net Assets	\$10,236,271	\$1,663,660	\$0	\$389,133	\$0	\$0	\$0	\$0	\$12,289,064	\$0	\$12,289,064
600 Total Liabilities and Equity/Net Assets	\$10,360,298	\$1,793,441	\$0	\$389,133	\$84,282	\$87,466	\$890	\$0	\$12,715,510	-\$107,375	\$12,608,135

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**Allen Metropolitan Housing Authority**  
**Statement of Revenues, Expenses and Changes in Retained Earnings**  
**FDS Schedule Submitted to HUD**  
**Proprietary Fund Type**  
**Enterprise Fund**  
**Year Ended June 30, 2010**

	Project Total	14.871 Housing Choice Vouchers	8 Other Federal Program 1	1 Business Activities	14.182 N/C S/R Section 8 Programs	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	14.238 Shelter Plus Care	14.885 Formula Capital Fund Stimulus Grant	Total
70300 Net Tenant Rental Revenue	\$120,570								\$120,570
70400 Tenant Revenue - Other	\$2,654								\$2,654
70500 Total Tenant Revenue	\$123,224	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$123,224
70600 HUD PHA Operating Grants	\$888,474	\$5,021,067			\$251,894	\$117,964	\$123,428	\$89,761	\$6,492,588
70610 Capital Grants	\$155,658							\$126,623	\$282,281
71100 Investment Income - Unrestricted	\$12,301	\$380		\$3,887					\$16,568
71400 Fraud Recovery		\$18,195							\$18,195
71500 Other Revenue	\$34,592	\$17,171		\$25,535					\$77,298
71600 Gain or Loss on Sale of Capital Assets	\$2,780		\$0						\$2,780
72000 Investment Income - Restricted		\$205							\$205
70000 Total Revenue	\$1,217,029	\$5,057,018	\$0	\$29,422	\$251,894	\$117,964	\$123,428	\$216,384	\$7,013,139
91100 Administrative Salaries	\$263,561	\$325,577			\$30,000		\$8,500		\$627,638
91200 Auditing Fees	\$3,610	\$1,389			\$340				\$5,339
91400 Advertising and Marketing		\$1,264							\$1,264
91500 Employee Benefit contributions - Administrative	\$117,361	\$53,232			\$11,244		\$647		\$182,484
91600 Office Expenses	\$27,960	\$125,590		\$25,994		\$1,365			\$180,909
91000 Total Operating - Administrative	\$412,492	\$507,052	\$0	\$25,994	\$41,584	\$1,365	\$9,147	\$0	\$997,634
92400 Tenant Services - Other	\$9,895	\$4,147				\$116,599			\$130,641
92500 Total Tenant Services	\$9,895	\$4,147	\$0	\$0	\$0	\$116,599	\$0	\$0	\$130,641
93100 Water	\$14,660								\$14,660
93200 Electricity	\$34,523								\$34,523
93300 Gas	\$21,168								\$21,168
93600 Sewer	\$7,344								\$7,344
93000 Total Utilities	\$77,695	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$77,695
94100 Ordinary Maintenance and Operations - Labor	\$123,917								\$123,917
94200 Ordinary Maintenance and Operations - Materials and Other	\$266,176	\$28,259						\$89,761	\$384,196
94300 Ordinary Maintenance and Operations Contracts	\$42,003								\$42,003
94500 Employee Benefit Contributions - Ordinary Maintenance	\$55,225								\$55,225
94000 Total Maintenance	\$487,321	\$28,259	\$0	\$0	\$0	\$0	\$0	\$89,761	\$605,341

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**Allen Metropolitan Housing Authority**  
**Statement of Revenues, Expenses and Changes in Retained Earnings**  
**FDS Schedule Submitted to HUD**  
**Proprietary Fund Type**  
**Enterprise Fund**  
**Year Ended June 30, 2010**

	Project Total	14.871 Housing Choice Vouchers	8 Other Federal Program 1	1 Business Activities	14.182 N/C S/R Section 8 Programs	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	14.238 Shelter Plus Care	14.885 Formula Capital Fund Stimulus Grant	Total
96110 Property Insurance	\$61,170								\$61,170
96130 Workmen's Compensation	\$14,402								\$14,402
96140 All Other Insurance	\$2,640	\$16,939							\$19,579
96100 Total insurance Premiums	\$78,212	\$16,939	\$0	\$0	\$0	\$0	\$0	\$0	\$95,151
96200 Other General Expenses	\$974								\$974
96210 Compensated Absences	\$32,234	\$27,084							\$59,318
96300 Payments in Lieu of Taxes	\$4,048								\$4,048
96400 Bad debt - Tenant Rents	-\$1,140								-\$1,140
96600 Bad debt - Other	\$6,584								\$6,584
96000 Total Other General Expenses	\$42,700	\$27,084	\$0	\$0	\$0	\$0	\$0	\$0	\$69,784
96900 Total Operating Expenses	\$1,108,315	\$583,481	\$0	\$25,994	\$41,584	\$117,964	\$9,147	\$89,761	\$1,976,246
97000 Excess of Operating Revenue over Operating Expenses	\$108,714	\$4,473,537	\$0	\$3,428	\$210,310	\$0	\$114,281	\$126,623	\$5,036,893
97300 Housing Assistance Payments		\$4,277,797			\$212,461		\$114,281		\$4,604,539
97400 Depreciation Expense	\$744,849	\$2,727	\$0	\$6,122					\$753,698
90000 Total Expenses	\$1,853,164	\$4,864,005	\$0	\$32,116	\$254,045	\$117,964	\$123,428	\$89,761	\$7,334,483
10093 Transfers between Program and Project - In	\$126,623								\$126,623
10094 Transfers between Project and Program - Out	\$0							-\$126,623	-\$126,623
10100 Total Other financing Sources (Uses)	\$126,623	\$0	\$0	\$0	\$0	\$0	\$0	-\$126,623	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$509,512	\$193,013	\$0	-\$2,694	-\$2,151	\$0	\$0	\$0	-\$321,344
11030 Beginning Equity	\$9,085,912	\$1,470,647	\$1,590,960	\$391,827	\$0	\$0	\$0	\$0	\$12,539,346
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$1,659,871		-\$1,590,960		\$2,151				\$71,062
11170 Administrative Fee Equity		\$1,019,451							\$1,019,451
11180 Housing Assistance Payments Equity		\$644,209							\$644,209
11190 Unit Months Available	0	12492	0		756				13248
11210 Number of Unit Months Leased	0	11510	0		726				12236
11270 Excess Cash	\$1,739,129								\$1,739,129
11620 Building Purchases	\$17,948								\$17,948
11650 Leasehold Improvements Purchases	\$137,710								\$137,710

See independent auditors' report

**Allen Metropolitan Housing Authority  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2010**

	<b>FEDERAL CFDA NUMBER</b>	<b>FUNDS EXPENDED</b>
<b><u>FROM U.S. DEPARTMENT OF HUD</u></b>		
<b><u>DIRECT PROGRAMS</u></b>		
<b>PHA Owned Housing:</b>		
Public and Indian Housing	14.850	\$ 720,499
Public Housing Capital Fund	14.872	323,633
Formula Capital Fund Stimulus Grant	14.885	216,384
<b>Housing Assistance Payments:</b>		
<b>Annual Contribution -</b>		
Section 8 Housing Choice Vouchers	14.871	5,021,067
Section 8 - NC/SR	14.182	251,894
Shelter Plus Care	14.238	123,428
<b>Total - All Programs</b>		<b>\$ 6,656,905</b>

See independent auditors' report

**Allen Metropolitan Housing Authority  
Cost Certification**

	<u>501-08</u>
<b>TOTAL EXPENDED</b>	<u><u>\$ 396,105</u></u>
<b>TOTAL RECEIVED</b>	<u><u>\$ 396,105</u></u>

1. The actual cost certificates were signed by the Authority.
2. All costs have been paid through June 30, 2010 and there are no outstanding liabilities.
3. The final costs on the certificates agree with the Authority's records.



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

**Board of Directors  
Allen Metropolitan Housing Authority  
600 South Main Street  
Lima, Ohio 45804**

**Regional Inspector General of Audit  
Department of Housing and Urban  
Development**

We have audited the basic financial statements of Allen Metropolitan Housing Authority as of and for the year ended June 30, 2010, and have issued our report thereon dated December 1, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Allen Metropolitan Housing Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Allen Metropolitan Housing Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting.

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Allen Metropolitan Housing Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the

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determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of directors, management, Auditor of State and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Jones, Cochenour & Co." followed by a period.

Jones, Cochenour & Co.  
December 1, 2010



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

**Board of Directors  
Allen Metropolitan Housing Authority  
600 South Main Street  
Lima, Ohio 45804**

**Regional Inspector General of Audit  
Department of Housing and Urban  
Development**

**Compliance**

We have audited the compliance of Allen Metropolitan Housing Authority with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. Allen Metropolitan Housing Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Allen Metropolitan Housing Authority's management. Our responsibility is to express an opinion on Allen Metropolitan Housing 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 *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Allen Metropolitan Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Allen Metropolitan Housing Authority's compliance with those requirements.

In our opinion, Allen Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

**Internal Control Over Compliance**

Management of Allen Metropolitan Housing Authority 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 Allen Metropolitan Housing Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Allen Metropolitan Housing Authority's internal control over compliance

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

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

This report is intended solely for the information and use of the board of directors, management, Auditor of State, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



Jones, Cochenour & Co.  
December 1, 2010

**Allen Metropolitan Housing Authority**

**Schedule of Findings  
OMB Circular A-133 § .505  
June 30, 2010**

<b>1. SUMMARY OF AUDITORS' RESULTS</b>
--

<b>Type of Financial Statement Opinion</b>	<b>Unqualified</b>
<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	<b>No</b>
<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	<b>No</b>
<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	<b>No</b>
<b>Were there any material internal control weaknesses reported for major federal programs?</b>	<b>No</b>
<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	<b>No</b>
<b>Type of Major Programs' Compliance Opinion</b>	<b>Unqualified</b>
<b>Are there any reportable findings under § .510(a)?</b>	<b>No</b>
<b>Major Programs (list):</b>	<b>Housing Choice Voucher Program CFDA #14.871 Formula Capital Fund Stimulus Grant CFDA #14.885</b>
<b>Dollar Threshold: Type A\B Programs</b>	<b>\$300,000</b>
<b>Low Risk Auditee?</b>	<b>Yes</b>

**Allen Metropolitan Housing Authority**

**Schedule of Findings  
OMB Circular A-133 § .505 - Continued  
June 30, 2010**

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

**There are no findings or questioned costs for the year ended June 30, 2010.**

**3. FINDINGS RELATED TO FEDERAL AWARDS**

**There are no findings or questioned costs for the year ended June 30, 2010.**

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# Dave Yost • Auditor of State

**ALLEN METROPOLITAN HOUSING AUTHORITY**

**ALLEN 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  
MARCH 10, 2011**