# LUCAS METROPOLITAN HOUSING AUTHORITY

## TOLEDO, OHIO

## FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2011

Dave Yost · Auditor of State

Board of Commissioners
Lucas Metropolitan Housing Authority
435 Nebraska Avenue
Toledo, Ohio 43604

We have reviewed the *Independent Auditors' Report* of the Lucas Metropolitan Housing Authority, Lucas County, prepared by Bastin & Company, LLC, for the audit period January 1, 2011 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Dave Yost

Dave Yost
Auditor of State

October 5, 2012

This page intentionally left blank.

# LUCAS METROPOLITAN HOUSING AUTHORITY

## TABLE OF CONTENTS

This page intentionally left blank.

Bastin & Company, LLC
*Certified Public Accountants*

**INDEPENDENT AUDITORS' REPORT**

Board of Commissioners
Lucas Metropolitan Housing Authority
Toledo, Ohio

We have audited the accompanying financial statements of the Lucas Metropolitan Housing Authority, Toledo, Ohio (the Authority) as of and for the year ended December 31, 2011, as listed in the table of contents. These financial statements are the responsibility of the Lucas Metropolitan Housing 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 *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 financial statements referred to above present fairly, in all material respects, the financial position of the Lucas Metropolitan Housing Authority, Toledo, Ohio as of December 31, 2011, and the respective changes in financial position, and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2012, on our consideration of the Lucas 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 management's discussion and analysis on pages 3 through 9 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, 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 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.


*4286 Mt. Carmel – Tobasco Road, Suite A, Cincinnati, Ohio 45244-2372, Telephone/Fax (513) 753-3999*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Lucas Metropolitan Housing Authority, Toledo, Ohio's basic financial statements taken as a whole. The Financial Data Schedules on pages 24 through 28 and the PHA's Statement and Certification of Actual Modernization Costs on page 29 are presented for purposes of additional analysis as required by the Department of Housing and Urban Development, and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations,* and is also not a required part of the financial statements. The Financial Data Schedules, the PHA's Statement and Certification of Actual Modernization Costs and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate 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 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 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United State of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Bastin & Company, LLC

Cincinnati, Ohio
June 22, 2012

The Lucas Metropolitan Housing Authority (LMHA or "Authority") management discussion and analysis (MD&A) is intended to (a) assist readers in focusing on the significant financial issues, (b) provide an overview of LMHA's financial activities for the year, (c) identify changes in the LMHA's financial position and (d) identify individual fund or program issues or concerns.

The MD&A is designed to focus on the current year's activities, resulting changes and currently known facts. Please read this in conjunction with the accompanying financial statements and notes to the financial statements for better comprehension.

LMHA offers this narrative overview of its financial activities for the year ending December 31, 2011.

## MISSION STATEMENT

Through its programs and partnerships, Lucas Metropolitan Housing Authority is committed to building better neighborhoods by providing comprehensive housing opportunities for qualified individuals and families through creative and professional services in partnership with the greater community.

## FINANCIAL HIGHLIGHTS

Some key highlights of the 2011 financial report include:

- Total assets exceeded total liabilities by $66,797,752 at December 31, 2011. This is a decrease of $2,323,531 (3.3%) from the prior year, as a result of overall operations.
- Operating revenues increased from the prior year by $1,215,234 (2.6%) to $47,300,753 in 2011 compared to $46,085,519 for 2010. Increases in HUD Operating Subsidy for the Public Housing Program and Housing Assistance Payments are the major contributing factors.
- Operating expenses increased from the prior year by $2,417,794 (4.9%) to $51,273,222 in 2011 compared to $48,855,428 for 2010. Increases in Housing Assistance Payments, protective services, administrative and resident services costs offset by reduced insurance and depreciation expense, contributed to the overall rise in costs.

## USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the Authority's financial statements. The following is a list of the financial statements included in this report:

**MD&A**
Management Discussion and Analysis

**Financial Statements**
Statements of Net Assets
Statements of Revenues, Expenses, and Changes in Net Assets
Statements of Cash Flows
Notes to the Financial Statements

The financial statements are designed to provide readers with a broad overview of the Authority's finances in a manner similar to a private sector business.

The *statement of net assets* presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

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.

Invested in Capital Assets, Net of Related Debt: This component of net assets consists of 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.

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 Invested in Capital Assets, Net of Related Debt, or Restricted Net Assets.

The *statement of revenues, expenses and changes in net assets* is similar to an income statement. This statement includes operating revenues, such as rental income; operating expenses, such as administrative, utilities, maintenance, and depreciation; and non-operating revenue and expenses, such as investment income, gains and losses on capital asset disposals and interest expense.

The focus of the statement of revenues, expenses and changes in net assets is the Increase (Decrease) in Net Assets, which is similar to Net Income or Loss.

The *statement of cash flows* provides information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operating activities, capital and related financing activities and investing activities.

The *notes to the financial statements* provide additional information essential to a full understanding of the data provided in the basic financial statements.

The Authority administers several programs that are consolidated into a single proprietary-type enterprise fund. The more significant programs consist of the following:

- **Low Income Public Housing Program** – Under this program, the LMHA rents units that it owns to low-income households throughout Lucas County. This program operates under an Annual Contributions Contract (ACC) with HUD, which provides operating subsidy that enables the Agency to provide rental housing at a lower cost, based on 30 percent of household income.

  The LMHA currently owns and operates 2,700 rental units subsidized in this program (400 units were recently demolished in late 2011 and early 2012). Per HUD requirements, these units are grouped into eight (8) Asset Management Projects, based on size and geographic location that are operated by site-based LMHA Property Managers.

- **Section 8 Program** – Under this program, the LMHA administers contracts with independent landlords that own and lease units within the community. Through a separate ACC with HUD, the LMHA receives a subsidy from HUD that allows the Agency to structure a lease between the landlord and the renter that sets the rent at 30 percent of the household income. LMHA then subsidizes the family's rent through a housing assistance payment made to the landlord. Some of these contracts assist disabled veterans, while others may allow the resident to become homeowners, as a result of their participation in the program. The LMHA currently administers 4,563 vouchers among the various Section 8 Programs, including Housing Choice Voucher, Mainstream, Mod Rehab and Veterans Affairs Supportive Housing (VASH) programs.

- **Capital Fund Grants** – The LMHA receives additional funding from HUD for physical and management improvements to its units within the Low Income Public Housing Program, under the same Annual Contributions Contract. This program provides funding for large-scale improvements or unplanned emergencies that are not covered by the operating subsidy amounts previously mentioned.

- **Capital Fund Recovery Grant** – Under the American Recovery and Reinvestment Act (ARRA) of 2009, funds were awarded to governmental entities throughout the country, as part of an economic stimulus program. The LMHA was awarded funding for major improvements through this program, which allowed for needed safety upgrades and improvements to our Low Income Public Housing sites.

- **Resident Service Grants** – Funding through this program is awarded by HUD to provide additional assistance to residents with special needs, or to provide community outreach connections that provide such assistance, for improved quality of life within the Low Income Public Housing community.

- **Shelter Plus Care Grant** – Funding through this program is awarded by HUD to assist community organizations that provide transitional housing for chronically homeless individuals with disabilities or special needs. The LMHA administers the program for a sponsored service provider, assisting with the cost of housing, thereby allowing them to provide supportive services by coordinating their efforts with other organizations for the homeless, to improve their quality of life.

- **Non-HUD/Business Activities Programs** – This area includes programs such as: contract administration, a consortium with other housing authorities in Ohio to manage site-based properties for HUD; the Veterans Fund, a discretionary pool of funding from a variety of activities; the Homeownership Funds, proceeds from the old Turnkey III program, utilized to provide opportunities for low-income families to become homeowners; and the Central Office Cost Center, the management entity related to the operation of the Housing Authority created through the implementation of the asset management program.

- **Component Unit** – Through the Westridge Apartments Development Corporation, the LMHA owns and operates a 190-unit apartment complex as a component unit of the Agency. This is a market rate rental site, with 25 percent of its units leased to lower-income residents.

## FINANCIAL ANALYSIS OF THE AUTHORITY

**Statement of Net Assets**

The following table represents condensed Statements of Net Assets:

| **Assets** | December 31, 2011 | December 31, 2010 |
|---|---|---|
| Current Assets | $21,433,655 | $22,643,360 |
| Other Noncurrent Assets | 941,869 | 1,001,757 |
| Capital Assets Net of Accumulated Depreciation | 53,789,697 | 55,324,361 |
| Total Assets | 76,165,221 | 78,969,478 |
| **Liabilities** | | |
| Current and Other Liabilities | 2,457,573 | 2,944,968 |
| Noncurrent Liabilities | 6,909,896 | 6,903,227 |
| Total Liabilities | 9,367,469 | 9,848,195 |
| **Net Assets** | | |
| Invested in Capital Assets - Net of related debt | 48,351,023 | 49,795,960 |
| Restricted | 9,233,893 | 9,493,794 |
| Unrestricted | 9,212,836 | 9,831,529 |
| Total Net Assets | $66,797,752 | $69,121,283 |

By far the largest portion of the Authority's net assets (72 percent for 2011 and 2010) reflects its investments in capital assets net of related debt. The decrease from 2010 was primarily the result of capital improvements and acquisitions funded offset by depreciation expense for the year. The Authority uses these capital assets (e.g., buildings, machinery, and equipment) to provide housing services to residents; consequently, these assets are not available for future spending. The unrestricted net assets of the Authority are available for future use to provide program services.

(This space intentionally left blank)

**Statement of Revenues, Expenses and Changes in Net Assets**

The following table represents condensed Statements of Revenues, Expenses and Changes in Net Assets:

| | Year Ended December 31, 2011 | Year Ended December 31, 2010 |
|---|---|---|
| **Operating Revenue** | | |
| Government Operating Grants | $40,452,696 | $39,032,255 |
| Tenant Revenue | 5,717,587 | 5,837,079 |
| Other Revenue | 1,130,470 | 1,216,185 |
| Total Operating Revenue | 47,300,753 | 46,085,519 |
| **Operating Expenses** | | |
| Operating Expenses | 24,847,741 | 23,813,952 |
| Depreciation | 4,124,354 | 5,164,138 |
| Housing Assistance Payments | 22,301,127 | 19,877,338 |
| Total Operating Expenses | 51,273,222 | 48,855,428 |
| Operating Loss | (3,972,469) | (2,769,909) |
| **Non-Operating Revenues (Expenses)** | (442,336) | (264,072) |
| **Capital Contributions** | 2,091,274 | 9,667,860 |
| Increase (Decrease) in Net Assets | (2,323,531) | 6,633,879 |
| **Net Assets, Beginning of year** | 69,121,283 | 62,487,404 |
| **Net Assets, End of year** | $66,797,752 | $69,121,283 |

During 2011, the net assets of the Authority decreased by a total of $2,323,531.

The Authority's revenues are largely governmental revenues received from cost reimbursement and capital grants. The Authority draws down monies from the grant awards for allowable program expenses, except for non-cash transactions, such as depreciation expense and changes in compensated absences. The Authority's governmental revenues and charges for services were sufficient to cover all non-depreciation related expenses incurred during the year.

The Authority's operating grants increased by $1,420,441. Operating expenses increased by $1,033,789 primarily due to increases in administrative, utilities and protective services. Housing Assistance Payments increased by $2,423,789 from the previous year as a result of an increase in the number of voucher units leased. Depreciation expense decreased by $1,039,784 primarily due to a review conducted by the Authority to evaluate and adjust estimated lives of various capital assets as well as reduced depreciation expense from current year disposals.

Net Non-operating expenses increased primarily due to a loss recorded on the disposal of capital assets. Capital contributions decreased from 2010 levels as grants for capital related additions were lower.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

As of December 31, 2011, the Authority's capital assets totaled $53,789,697 (capital assets net of accumulated depreciation) as reflected in the fo1lowing schedule.

| | December 31, 2011 | December 31, 2010 |
|---|---|---|
| Land | $7,784,449 | $7,782,102 |
| Buildings | 178,126,070 | 182,003,095 |
| Equipment | 2,907,669 | 2,797,374 |
| Construction in Progress | 4,569,637 | 1,899,047 |
| Accumulated Depreciation | (139,598,128) | (139,157,257) |
| Total | $53,789,697 | $55,324,361 |

During the year ending December 31, 2011, the net change in capital assets amounted to a decrease of $1,534,664.

The $3,877,025 decrease in buildings is due to the demolition of the Albertus Brown Townhouse Development originally constructed in 1941. Accumulated depreciation increased by $440,871 as a result of annual depreciation expense, offset by the removal of depreciation related to the Albertus Brown Townhouse Development.

Additional information on the Authority's capital assets can be found on page 18 of this report.

### Debt

As of December 31, 2011, the Authority had $5,438,674 of debt, a decrease of $89,727 from the prior year as a result of making scheduled debt payments.

Additional information on the Authority's long-term debt can be found on page 22 of this report.

## ECONOMIC FACTORS

The following factors were considered in preparing the Authority's budget for the 2012 fiscal year.

The Authority has continued to implement site-specific budgeting and accounting. Both FY2011 and FY2012 budgets were prepared using the site-specific format as directed by HUD. Under site-specific budget format, there are strict guidelines on how the Central Office Cost Center (COCC) will be funded. Funding for the COCC are derived from fees charged to Asset Management Projects (AMP). The AMPs represent site-specific public housing areas and are managed as separate subsidiary organizations. As such, AMPs have their own financial statements with revenues coming from subsidy transfers, rental accounts, and capital fund transfers. Oversight and supportive services are provided on a fee basis by the Authority's COCC. Additional revenue for the COCC are from the service fees charged to the Voucher programs and other smaller programs. Failure to operate within revenues received will result in lower operating revenue for both the AMPs and the COCC. Failing to maintain occupancy rates of 95% or higher for the AMPs will also reduce operating subsidy transfers from HUD.

In the HUD 2012 Appropriations Act, Public Housing operating subsidy funding would be offset by any HUD determined excess operating reserves. Therefore, it was determined that LMHA's subsidy funding would be reduced by 3.6% or $462,126. Subsidy funding was also reduced because of the number of vacant units LMHA has targeted for disposition and for those units demolished in late 2011.

The Housing Choice Voucher (HCV) program generates revenue for operations from administrative fees earned from HUD. A portion of these revenues are paid to the COCC as fees for supportive services. At this time the COCC does not charge the HCV program the maximum rate for administrative fees so the HCV program can balance its administrative budget. In FY2012 the COCC will continue to give a discount to the HCV program because the administrative fee funding from HUD has been prorated to 80% of eligibility 6% lower than that of FY2011 which was 6% lower than that of FY2010. Thus, HCV administrative operations will require use of prior year administrative reserves to keep the program fully utilized.

## CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Authority's finances for all those with interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, Lucas Metropolitan Housing Authority, P.O. Box 477, Toledo, Ohio 43697-0477, or call (419) 259-9447.

# Lucas Metropolitan Housing Authority
## Statement of Net Assets
## December 31, 2011

| | |
|---|---|
| **ASSETS** | |
| **Current Assets** | |
| Cash and Cash Equivalents | $ 9,164,767 |
| Cash and Cash Equivalents - Restricted | 7,530,827 |
| Investments | 1,315,000 |
| Investments - Restricted | 2,513,786 |
| Grants receivable | 515,137 |
| Tenant Accounts Receivables, Net of Allowance | 49,141 |
| Notes Receivable - Current | 44,840 |
| Interest Receivable | 13,412 |
| Inventory | 91,295 |
| Prepaid Expenses and Other Current Assets | 195,450 |
| **Total Current Assets** | 21,433,655 |
| **Noncurrent Assets** | |
| Notes Receivable - Noncurrent | 889,486 |
| Assets Held for Resale | 52,383 |
| Nondepreciable Capital Assets | 12,354,086 |
| Depreciable Capital Assets, Net | 41,435,611 |
| **Total Noncurrent Assets** | 54,731,566 |
| **TOTAL ASSETS** | $ 76,165,221 |
| **LIABILITIES** | |
| **Current Liabilities** | |
| Accounts Payable | $ 895,001 |
| Accrued Wages and Payroll Taxes | 391,350 |
| Accrued Compensated Absences - Current | 212,020 |
| Tenant Security Deposits | 331,320 |
| Notes payable - Current | 94,386 |
| Other Liabilities - Current | 533,496 |
| **Total Current Liabilities** | 2,457,573 |
| **Noncurrent Liabilities** | |
| Notes payable - Noncurrent | 5,344,288 |
| Accrued Compensated Absences - Noncurrent | 1,201,447 |
| Other Liabilities - Noncurrent | 364,161 |
| **Total Noncurrent Liabilities** | 6,909,896 |
| **TOTAL LIABILITIES** | 9,367,469 |
| **NET ASSETS** | |
| Invested in Capital Assets, Net of Related Debt | 48,351,023 |
| Restricted Net Assets | 9,233,893 |
| Unrestricted Net Assets | 9,212,836 |
| **TOTAL NET ASSETS** | $ 66,797,752 |

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

## Lucas Metropolitan Housing Authority
### Statement of Revenue, Expenses, and Changes in Net Assets
### For the Year Ended December 31, 2011

| | |
|---|---|
| **OPERATING REVENUE** | |
| Government Operating Grants | $ 40,452,696 |
| Tenant Revenue | 5,717,587 |
| Other Revenue | 1,130,470 |
| **Total Operating Revenue** | 47,300,753 |
| | |
| **OPERATING EXPENSES** | |
| Administrative | 10,773,521 |
| Resident Services | 1,140,715 |
| Utilities | 4,515,448 |
| Maintenance | 4,849,742 |
| Protective Service | 996,623 |
| General | 1,137,931 |
| Housing Assistance Payments | 22,301,127 |
| Insurance and Other Expenses | 1,433,761 |
| Depreciation | 4,124,354 |
| **Total Operating Expenses** | 51,273,222 |
| | |
| **Operating Loss** | (3,972,469) |
| | |
| **NON-OPERATING REVENUES (EXPENSES)** | |
| Loss on Sale of Capital Assets | (186,568) |
| Interest Income | 77,497 |
| Interest Expense | (333,265) |
| **Total Non-operating Revenues (Expenses)** | (442,336) |
| | |
| **Loss Before Capital Contributions** | (4,414,805) |
| | |
| **CAPITAL CONTRIBUTIONS** | |
| Capital Grants | 2,091,274 |
| **Total Capital Contributions** | 2,091,274 |
| | |
| **Increase (Decrease) in Net Assets** | (2,323,531) |
| | |
| **Net Assets, Beginning of year** | 69,121,283 |
| | |
| **Net Assets, End of year** | $ 66,797,752 |

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

## Lucas Metropolitan Housing Authority
### Statement of Cash Flows
### For the Year Ended December 31, 2011

| | |
|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | |
| Cash Received from Operating Grants | $ 40,646,908 |
| Cash Received from Tenants | 5,756,540 |
| Other Receipts | 1,130,470 |
| Cash Payments for Housing Assistance | (22,301,127) |
| Cash Payments for Administrative Expenses | (11,154,703) |
| Cash Payments for Other Operating Expenses | (13,453,098) |
| **Net Cash Provided by Operating Activities** | 624,990 |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | |
| Capital Grants Received | 2,091,274 |
| Issuance of Notes Receivable | (40,466) |
| Purchase of Capital Assets | (2,781,536) |
| Proceeds from Sale of Capital Assets | 96,126 |
| Principal and Interest Paid on Debt | (422,992) |
| **Net Cash Used by Capital and Related Financing Activities** | (1,057,594) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | |
| Interest Received | 86,134 |
| Purchase of Investments | (1,755,174) |
| **Net Cash Used by Investing Activities** | (1,669,040) |
| **Net Decrease in Cash and Cash Equivalents** | (2,101,644) |
| **Cash and Cash Equivalents, Beginning of year** | 18,797,238 |
| **Cash and Cash Equivalents, End of year** | $ 16,695,594 |
| **Reconciliation of Operating Loss to Net Cash Provided by Operating Activities** | |
| Operating Loss | $ (3,972,469) |
| Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating activities: | |
| Depreciation | 4,124,354 |
| Change in Operating Assets and Liabilities | (91,195) |
| Tenant Security Deposits | (14,940) |
| Grants Receivable | 204,029 |
| Tenant Account Receivables | 130,148 |
| Inventory | 151,498 |
| Prepaid Expenses and Other Current Assets | 469,624 |
| Accounts Payable | (691,173) |
| Accrued Compensated Absences | 6,156 |
| Other Liabilities | 308,958 |
| | $ 624,990 |

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

## 1. Reporting Entity

Lucas Metropolitan Housing Authority (LMHA or the "Authority") was created under Ohio Revised Code Section 3735.27 to eliminate housing conditions that are detrimental to the public peace, health, safety, morals, or welfare by purchasing, acquiring, constructing, maintaining, operating, improving, extending, and repairing housing facilities. The Authority is responsible for operating certain low-income housing programs in Lucas County under programs administered by the U.S. Department of Housing and Urban Development (HUD) under the United States Housing Act of 1937, as amended.

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.

Based upon the foregoing criteria, the Authority has included as a business activity the operations of Westridge Apartments Development Corporation (WADC) as a blended component unit. WADC was established as a wholly owned for-profit corporation of the Authority in January 2006 primarily for the purposes of owning and operating a mixed-income apartment complex in Toledo, Ohio.

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

**2. Summary of Significant Accounting Policies**

A. Basis of Presentation

The Authority uses a single enterprise fund to maintain its financial records on an accrual basis. 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.

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

The enterprise fund is accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of the Authority are included on the statement of net assets. The statement of changes in net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Authority finances and meets the cash flow needs of its enterprise activity.

B. Measurement Focus and Basis of Accounting

The financial statements of 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.

In accordance with 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.

C. Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

D. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits and the State Treasury Asset Reserve (STAR Ohio). STAR Ohio is a liquid investment and is reported as a cash equivalent in the basic financial statements.

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

E. Restricted Cash and Cash Equivalents and Investments

Restricted cash and cash equivalents and investments represents amounts held in FSS escrow, other tenants' escrow accounts, and employee Section 125 withholding accounts. Restricted investments consist of amounts whose use is restricted only by HUD requirements and approval.

F. Investments

Investments are stated at fair value. Fair values of government securities and commercial papers are determined using amounts confirmed by the investment institutions and adjusting amounts as necessary for discounts, premiums, and/or interest income. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the statement of revenues, expenses, and changes in net assets.

G. Tenant Receivables and Recognition of Bad Debts

Tenant receivables are stated at net rent amounts. Tenant accounts are generally collectible as long as the tenant is occupying the unit. 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 $165,552 at December 31, 2011.

H. Inventories

Inventories and materials are stated at average cost, which approximates market.

I. Capital Assets

Capital assets are recorded at cost. Costs in excess of $5,000 that materially add to the productive capacity and extend the life of an asset longer than one year are capitalized, while maintenance and repair costs are expensed as incurred. Capital assets are depreciated using the straight-line method over the following useful lives:

| | |
|---|---|
| Buildings and improvements | 20-40 years |
| Land and improvements | 10-20 years |
| Furniture and fixtures, equipment, and moving vehicles | 5-7 years |

J. Capitalization of Interest

The Authority's policy is not to capitalize interest related to the construction or purchase of capital assets.

K. 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, and 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.

Compensated absences are expensed when earned with the amount reported as a fund liability.

L. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are 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.

M. Operating Revenues and Expenses

An enterprise fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a enterprise fund's principal ongoing operations. The principal operating revenues of the Authority's enterprise fund are charges to tenants for rent and operating subsidies from HUD. Operating expenses for the enterprise fund include the costs of facility maintenance, housing assistance payments, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

N. Capital Contributions

Contributions of capital arise from the contributions of capital assets or from grants or outside contributions of resources restricted to capital acquisition and construction.

O. Reclassification

Certain prior year amounts have been reclassified to conform to the current year presentation.

## 3. Deposits and Investments

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Authority's Treasury, in commercial accounts payable or available 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 that 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.

At year-end, the carrying amount of the Authority's deposits was $16,335,833 (including $752,787 of non-negotiable certificates of deposit and $3,075 of petty cash), and the bank balance was $16,732,855.

<u>Custodial Credit Risk</u>
Custodial credit risk is the risk that, in the event of a 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. Multiple financial institution collateral pools that insure public deposits must maintain collateral in excess of 105 percent of deposits, as permitted by Chapter 135 of the Ohio Revised Code. As of year-end, deposits totaling $1,008,000 were covered by Federal Depository Insurance and deposits totaling $15,724,855 were uninsured and collateralized with securities held by the financial institution's trust department or agent, but not in the Authority's name.

<u>Investments</u>
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 issuance of taxable notes for the purpose of 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 specified 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's investments at December 31, 2011 were as follows:

| | |
|---|---:|
| Government securities | $3,817,516 |
| Money market accounts | 11,270 |
| STAR Ohio | 359,761 |
| Total investments | $4,188,547 |

*Interest Rate Risk* – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date. The Authority's investment policy has no requirements beyond what the Ohio Revised Code requires.

*Credit Risk* – Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Authority has $3,817,516 of government agency securities that are invested in Federal Home Loan securities, which are government-sponsored agencies, and of which the principal and interest are implicitly guaranteed by the United States government. The Standard and Poor's credit rating for the Federal Home Loan securities held is AA+. The Authority also has $359,761 invested in the State Treasury Asset Reserve (STAR) of Ohio public investment pool and $11,270 invested in money market accounts, both of which are rated AAA by Standard & Poor’s.

*Concentration of Credit Risk* – The Authority places no limit on the amount the Authority may invest with one issuer.

*Custodial Credit Risk* – For an investment, custodial credit risk is the risk that in the event of failure of the counterparty the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Authority has no policy beyond what the Ohio Revised Code requires for custodial credit risk.

A reconciliation of Cash, Cash Equivalents and Investments is as follows:

| | Cash and Cash Equivalents | Investments |
|---|---|---|
| Per Statement of Net Assets | $16,695,594 | $3,828,786 |
| STAR Ohio | (359,761) | 359,761 |
| Per GASB Statement No. 3 | $16,335,833 | $4,188,547 |

## 4. Capital Assets

A summary of capital assets class is as follows:

| | Balance January 1, 2011 | Additions | Reductions | Balance December 31, 2011 |
|---|---|---|---|---|
| Capital assets: | | | | |
| Buildings and improvements | $182,003,095 | $ - | $(3,877,025) | $178,126,070 |
| Land and improvements | 7,782,102 | 2,347 | - | 7,784,449 |
| Furniture and fixtures, equipment, and moving vehicles | 2,797,374 | 110,295 | - | 2,907,669 |
| Construction in progress | 1,899,047 | 2,670,590 | - | 4,569,637 |
| Total capital assets | 194,481,618 | 2,783,232 | (3,877,025) | 193,387,825 |
| Accumulated depreciation: | | | | |
| Buildings and improvements | (136,751,809) | (4,016,899) | 3,683,483 | (137,085,225) |
| Furniture and fixtures, equipment, and moving vehicles | (2,405,448) | (107,455) | - | (2,512,903) |
| Total accumulated depreciation | (139,157,257) | (4,124,354) | 3,683,483 | (139,598,128) |
| Net capital assets | $ 55,324,361 | $(1,341,122) | $ (193,542) | $ 53,789,697 |

## 5. Pension Plan

The Authority participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed plan is 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 the member and (vested) employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional 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 members of 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 Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by visiting https://www.opers.org/investments/cafr.shtml, writing to OPERS, 277 E. Town St., Columbus, OH 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. For 2011, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional pension plan. For the year ended December 31, 2011, the members in state and local classifications of all three plans were required to contribute 10.0 percent of their annual covered salary to fund pension obligations. Public safety and law enforcement members contributed 11.0 percent and 11.6 percent, respectively. The employer contribution rate for state and local employers for 2011 is 14.0 percent of covered payroll. The law enforcement and public safety division employer contribution rate was 18.1 percent of covered payroll.

The Authority's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2011, 2010, and 2009 were $1,285,185, $1,178,858, and $978,195, respectively, which were equal to the required contributions for each year.

## 6. Post-Employment Benefits

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the Traditional Plan – a cost-sharing multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care 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-retirement 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 benefit 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 visiting https://www.opers/org/investments/cafr.schtml, writing to OPERS, 277 E. Town St., Columbus, OH, 43215-4642, or by calling 614-222-5601 or 1-800-222-7377.

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. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, state and local employers contributed at a rate of 14 percent of covered payroll and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

OPERS' Post-Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of the post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent during calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent during calendar year 2011. The portion of employer contributions allocated to health care for the calendar year beginning January 1, 2012 remained 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 retiree, or their surviving beneficiaries, to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Authority's contributions for health care for the years ended December 31, 2011, 2010, and 2009 were $514,073, $672,060, and $707,311, respectively, which were equal to the required contributions for each year.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

## 7. Compensated Absences

Vacation and sick leave policies are established by agreement between the Authority and the American Federation of State, County and Municipal Employees, AFL-CIO, for members of the bargaining unit, and by personnel policy for management employees not covered by the labor agreement.

For both union and nonunion employees, these agreements provide for two weeks of paid vacation after one year of service, with an additional week for every five years of service thereafter, to a maximum of six weeks per year. Vacation time relating to a maximum of two years of service may be accumulated before it is lost.

For union personnel, the labor agreement provides for sick leave pay to be credited at a rate of eight hours per month, up to a maximum of 249 days. By limiting the use of sick leave during the fiscal year, an employee may elect to receive either bonus attendance time, to a maximum of five days, or an incentive bonus, to a maximum of $500. Nonunion personnel have the same provisions under the personnel policies.

For union personnel, in the event of voluntary termination of employment after 10 consecutive years of service or due to retirement, such employees are entitled to receive payment for one-half of their accumulated sick leave (maximum of 204 days accumulated, with a maximum payout of 102 days). All terminated employees are entitled to receive payment for any accrued and unused vacation time. In the event of the death of an employee, the designated beneficiary shall receive such payments.

For employees not covered under the labor agreement, in the event of voluntary termination of employment after five consecutive years of service, or due to retirement, such employees are entitled to receive payment for one-half of their accumulated sick leave (maximum of 249 days accumulated, with a maximum payout of 124.5 days). All terminated employees are entitled to receive payment for any accrued and unused vacation time. In the event of the death of an employee, the designated beneficiary shall receive such payments.

All employees hired prior to December 1, 2001 became eligible for longevity pay at the end of five years of service, at which time longevity pay begins to accrue from their anniversary date. Union personnel hired on December 1, 2001 and thereafter are not eligible for longevity pay. Union personnel receive longevity pay at their 1995 pay levels at the rate of 2 percent, 4 percent, 6 percent, and 8 percent for five years, 10 years, 15 years, and 20 years, respectively, of service. All nonunion personnel are eligible for longevity pay and receive longevity pay at their current pay levels at the rate of 1 percent, 2 percent, 3 percent, and 4 percent for five years, 10 years, 15 years, and 20 years, respectively, of service.

At December 31, 2011, $1,413,466 of vested vacation, sick leave, and longevity was accrued by the Authority for both union and nonunion personnel. Of this amount, $212,010 is due within one year as of December 31, 2011 and is reported as current liabilities. Non-vested amounts are not material to the financial statements and have not been accrued. The change of $6,152 in the balance accrued at December 31, 2011 represents amounts earned in 2011 less amounts paid out.

## 8. 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.

No insurance settlements have exceeded coverage in any of the past three fiscal years and there has not been any significant reduction in insurance coverage in the current year.

## 9. Long-term Debt

Changes in long-term debt for the year ended December 31, 2011 is as follows:

| | Balance January 1, 2011 | Additions | Deletions | Balance December 31, 2011 | Amount Due within One Year |
|---|---|---|---|---|---|
| *Long-term Debt:* | | | | | |
| Note Payable | $5,528,401 | $ - | $ (89,727) | $5,438,674 | $ 94,386 |
| *Other Obligations:* | | | | | |
| Compensated absences | 1,407,311 | 217,252 | (211,096) | 1,413,467 | 212,020 |
| Total | $6,935,712 | $217,252 | $(300,823) | $6,852,141 | $306,406 |

Westridge Apartments Development Corporation has a note payable of $5,438,674 December 31, 2011, to Red Mortgage Capital, Inc., payable in monthly installments of $35,249, including interest at 5.99 percent. A lump-sum payment of principal is due in March 2016.

Interest expense for the year ended December 31, 2011 was $333,265.

Future minimum principal and interest payments on long-term debt are as follows:

| Years Ending December 31, | Principal | Interest | Total |
|---|---|---|---|
| 2012 | $ 94,386 | $ 328,606 | $ 422,992 |
| 2013 | 101,225 | 321,767 | 422,992 |
| 2014 | 107,546 | 315,445 | 422,991 |
| 2015 | 114,263 | 308,728 | 422,991 |
| 2016 | 5,021,254 | 75,890 | 5,097,144 |
| Total | $5,438,674 | $1,350,436 | $6,789,110 |

## 10. Commitments and Contingencies

**Grants -** The Authority receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements, and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Authority. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Authority at December 31, 2011.

**Commitments -** The Authority is obligated to complete modernization phases to renovate various facilities. At December 31, 2011, there were four open phases totaling $1,976,232 for which the Authority has approved funding from HUD to complete.

**Litigation and Claims -** In the normal course of operations, the Authority may be subject to litigation and claims. At December 31, 2011, the Authority was involved in several such matters. While the outcome of the above matters cannot presently be determined, management believes that their ultimate resolution will not have a material effect on the financial statements.

# Supplemental Information

## Lucas Metropolitan Housing Authority

## Financial Data Schedules
## December 31, 2011

| | Project Total | 14.871 Housing Choice Vouchers | 14.181 Supportive Housing for Persons with Disabilities | 14.238 Shelter Plus Care | 14.870 Resident Opportunity and Supportive Services | 14.VSH HUD-VETERANS AFFAIRS SUPPORTIVE HOUSING (HUD VASH) PROGRAM | 2 State/Local | 1 Business Activities | 6 Component Units | 14.182 N/C S/R Section 8 Programs | 14.856 Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitat | COCC | Subtotal | ELIM | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 111 Cash - Unrestricted | $6,732,355 | $667,392 | $21,692 | $1,361 | | | $5,768 | $1,055,177 | $164,982 | | $24,969 | $491,071 | $9,164,767 | | $9,164,767 |
| 113 Cash - Other Restricted | $34,237 | $4,329,969 | | | | | | $2,578,338 | $141,724 | | | | $7,084,268 | | $7,084,268 |
| 114 Cash - Tenant Security Deposits | $280,515 | | | | | | | | $51,797 | | | | $332,312 | | $332,312 |
| 115 Cash - Restricted for Payment of Current Liabilities | | | | | | | | | $114,247 | | | | $114,247 | | $114,247 |
| 100 Total Cash | $7,047,107 | $4,997,361 | $21,692 | $1,361 | $0 | $0 | $5,768 | $3,633,515 | $472,750 | $0 | $24,969 | $491,071 | $16,695,594 | $0 | $16,695,594 |
| | | | | | | | | | | | | | | | |
| 122 Accounts Receivable - HUD Other Projects | $288,900 | | $163,761 | $6,335 | $35,181 | | | | | | $871 | | $495,048 | | $495,048 |
| 124 Accounts Receivable - Other Government | | | | | | | | $20,089 | | | | | $20,089 | | $20,089 |
| 126 Accounts Receivable - Tenants | $68,887 | | | | | | | | | | | | $68,887 | | $68,887 |
| 126.1 Allowance for Doubtful Accounts -Tenants | -$19,746 | | | | | | | | | | | | -$19,746 | | -$19,746 |
| 127 Notes, Loans, & Mortgages Receivable - Current | | | | | | | | $45,990 | | | | | $45,990 | -$1,150 | $44,840 |
| 128 Fraud Recovery | | $143,326 | | | | | | | | | $2,480 | | $145,806 | | $145,806 |
| 128.1 Allowance for Doubtful Accounts - Fraud | | -$143,326 | | | | | | | | | -$2,480 | | -$145,806 | | -$145,806 |
| 129 Accrued Interest Receivable | | | | | | | | $14,617 | | | | | $14,617 | -$1,205 | $13,412 |
| 120 Total Receivables, Net of Allowances for Doubtful Accounts | $338,041 | $0 | $163,761 | $6,335 | $35,181 | $0 | $0 | $80,696 | $0 | $0 | $871 | $0 | $624,885 | -$2,355 | $622,530 |
| | | | | | | | | | | | | | | | |
| 131 Investments - Unrestricted | | | | | | | | $1,315,000 | | | | | $1,315,000 | | $1,315,000 |
| 132 Investments - Restricted | | | | | | | | $2,513,786 | | | | | $2,513,786 | | $2,513,786 |
| 142 Prepaid Expenses and Other Assets | $28,179 | $31,617 | | | | | | | $4,146 | | | $131,508 | $195,450 | | $195,450 |
| 143 Inventories | | | | | | | | | | | | $91,295 | $91,295 | | $91,295 |
| 144 Inter Program Due From | | | | | | | | | | | | $2,400,287 | $2,400,287 | -$2,400,287 | $0 |
| 145 Assets Held for Sale | | | | | | | | $52,383 | | | | | $52,383 | | $52,383 |
| 150 Total Current Assets | $7,413,327 | $5,028,978 | $185,453 | $7,696 | $35,181 | $0 | $5,768 | $7,595,380 | $476,896 | $0 | $25,840 | $3,114,161 | $23,888,680 | -$2,402,642 | $21,486,038 |
| | | | | | | | | | | | | | | | |
| 161 Land | $6,614,319 | | | | | | | | $1,122,810 | | | $47,320 | $7,784,449 | | $7,784,449 |
| 162 Buildings | $166,561,894 | | | | | | | | $7,130,591 | | | $4,433,585 | $178,126,070 | | $178,126,070 |
| 164 Furniture, Equipment & Machinery - Administration | $1,036,776 | $75,921 | | | | | | $74,318 | $17,783 | | | $1,702,871 | $2,907,669 | | $2,907,669 |
| 166 Accumulated Depreciation | -$133,734,538 | -$56,477 | | | | | | -$62,221 | -$1,449,521 | | | -$4,295,371 | -$139,598,128 | | -$139,598,128 |
| 167 Construction in Progress | $3,885,688 | $6,561 | | | | | | $566,424 | | | | $110,964 | $4,569,637 | | $4,569,637 |
| 160 Total Capital Assets, Net of Accumulated Depreciation | $44,364,139 | $26,005 | $0 | $0 | $0 | $0 | $0 | $578,521 | $6,821,663 | $0 | $0 | $1,999,369 | $53,789,697 | $0 | $53,789,697 |
| 171 Notes, Loans and Mortgages Receivable - Non-Current | | | | | | | | $1,370,324 | | | | | $1,370,324 | -$480,838 | $889,486 |
| 180 Total Non-Current Assets | $44,364,139 | $26,005 | $0 | $0 | $0 | $0 | $0 | $1,948,845 | $6,821,663 | $0 | $0 | $1,999,369 | $55,160,021 | -$480,838 | $54,679,183 |
| | | | | | | | | | | | | | | | |
| 190 Total Assets | $51,777,466 | $5,054,983 | $185,453 | $7,696 | $35,181 | $0 | $5,768 | $9,544,225 | $7,298,559 | $0 | $25,840 | $5,113,530 | $79,048,701 | -$2,883,480 | $76,165,221 |

# Lucas Metropolitan Housing Authority

## Financial Data Schedules
## December 31, 2011

| | Project Total | 14.871 Housing Choice Vouchers | 14.181 Supportive Housing for Persons with Disabilities | 14.238 Shelter Plus Care | 14.870 Resident Opportunity and Supportive Services | 14.VSH HUD-VETERANS AFFAIRS SUPPORTIVE HOUSING (HUD VASH) PROGRAM | 2 State/Local | 1 Business Activities | 6 Component Units | 14.182 N/C S/R Section 8 Programs | 14.856 Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitat | COCC | Subtotal | ELIM | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 312 Accounts Payable <= 90 Days | | $656 | | | | | | | | | | $807,739 | $808,395 | | $808,395 |
| 321 Accrued Wage/Payroll Taxes Payable | $58,928 | $20,586 | | | | | | $1,100 | $1,076 | | | $309,660 | $391,350 | | $391,350 |
| 322 Accrued Compensated Absences - Current Portion | $85,011 | $29,893 | | | | | | $1,607 | | | | $95,509 | $212,020 | | $212,020 |
| 325 Accrued Interest Payable | | | | | | | | | $1,205 | | | | $1,205 | -$1,205 | $0 |
| 333 Accounts Payable - Other Government | $86,606 | | | | | | | | | | | | $86,606 | | $86,606 |
| 341 Tenant Security Deposits | $280,515 | | | | | | | | $50,805 | | | | $331,320 | | $331,320 |
| 342 Deferred Revenues | | | | | $19,644 | | | | | | | | $19,644 | | $19,644 |
| 343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds | | | | | | | | | $95,536 | | | | $95,536 | -$1,150 | $94,386 |
| 345 Other Current Liabilities | $23,578 | | | | | | | | $213,779 | | | | $237,357 | | $237,357 |
| 346 Accrued Liabilities - Other | $261,906 | | | | | | | | | | | $14,589 | $276,495 | | $276,495 |
| 347 Inter Program - Due To | | | $118,128 | $7,696 | $15,537 | | | $2,258,926 | | | | | $2,400,287 | -$2,400,287 | $0 |
| 310 Total Current Liabilities | $796,544 | $51,135 | $118,128 | $7,696 | $35,181 | $0 | $0 | $2,261,633 | $362,401 | $0 | $0 | $1,227,497 | $4,860,215 | -$2,402,642 | $2,457,573 |
| | | | | | | | | | | | | | | | |
| 351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue | | | | | | | | | $5,825,126 | | | | $5,825,126 | -$480,838 | $5,344,288 |
| 352 Long-term Debt, Net of Current - Operating Borrowings | | | | | | | | | | | | | | | |
| 353 Non-current Liabilities - Other | $34,237 | $329,924 | | | | | | | | | | | $364,161 | | $364,161 |
| 354 Accrued Compensated Absences - Non Current | $481,730 | $169,392 | | | | | | $9,107 | | | | $541,218 | $1,201,447 | | $1,201,447 |
| 350 Total Non-Current Liabilities | $515,967 | $499,316 | $0 | $0 | $0 | $0 | $0 | $9,107 | $5,825,126 | $0 | $0 | $541,218 | $7,390,734 | -$480,838 | $6,909,896 |
| | | | | | | | | | | | | | | | |
| 300 Total Liabilities | $1,312,511 | $550,451 | $118,128 | $7,696 | $35,181 | $0 | $0 | $2,270,740 | $6,187,527 | $0 | $0 | $1,768,715 | $12,250,949 | -$2,883,480 | $9,367,469 |
| | | | | | | | | | | | | | | | |
| 508.1 Invested In Capital Assets, Net of Related Debt | $44,364,139 | $26,005 | | | | | | $578,521 | $901,001 | | | $1,999,369 | $47,869,035 | $481,988 | $48,351,023 |
| 509.2 Fund Balance Reserved | | | | | | | | | | | | | | | |
| 511.2 Unreserved, Designated Fund Balance | | | | | | | | | | | | | | | |
| 511.1 Restricted Net Assets | | $4,000,045 | | | | | | $5,092,124 | $141,724 | | | | $9,233,893 | | $9,233,893 |
| 512.1 Unrestricted Net Assets | $6,100,816 | $478,482 | $67,325 | $0 | $0 | $0 | $5,768 | $1,602,840 | $68,307 | $0 | $25,840 | $1,345,446 | $9,694,824 | -$481,988 | $9,212,836 |
| 512.2 Unreserved, Undesignated Fund Balance | | | | | | | | | | | | | | | |
| 513 Total Equity/Net Assets | $50,464,955 | $4,504,532 | $67,325 | $0 | $0 | $0 | $5,768 | $7,273,485 | $1,111,032 | $0 | $25,840 | $3,344,815 | $66,797,752 | $0 | $66,797,752 |
| | | | | | | | | | | | | | | | |
| 600 Total Liabilities and Equity/Net Assets | $51,777,466 | $5,054,983 | $185,453 | $7,696 | $35,181 | $0 | $5,768 | $9,544,225 | $7,298,559 | $0 | $25,840 | $5,113,530 | $79,048,701 | -$2,883,480 | $76,165,221 |

## Lucas Metropolitan Housing Authority

## Financial Data Schedules
## December 31, 2011

| | Project Total | 14.871 Housing Choice Vouchers | 14.181 Supportive Housing for Persons with Disabilities | 14.238 Shelter Plus Care | 14.870 Resident Opportunity and Supportive Services | 14.VSH HUD-VETERANS AFFAIRS SUPPORTIVE HOUSING (HUD VASH) PROGRAM | 2 State/Local | 1 Business Activities | 6 Component Units | 14.182 N/C S/R Section 8 Programs | 14.856 Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitat | COCC | Subtotal | ELIM | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 70300 Net Tenant Rental Revenue | $4,274,730 | | | | | | | | $1,125,467 | | | | $5,400,197 | | $5,400,197 |
| 70400 Tenant Revenue - Other | $317,390 | | | | | | | | | | | | $317,390 | | $317,390 |
| 70500 Total Tenant Revenue | $4,592,120 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $1,125,467 | $0 | $0 | $0 | $5,717,587 | $0 | $5,717,587 |
| | | | | | | | | | | | | | | | |
| 70600 HUD PHA Operating Grants | $15,655,144 | $23,275,342 | $719,631 | $91,835 | $274,131 | $208,403 | | | | | $228,210 | | $40,452,696 | | $40,452,696 |
| 70610 Capital Grants | $2,091,274 | | | | | | | | | | | | $2,091,274 | | $2,091,274 |
| 70710 Management Fee | | | | | | | | | | | | $2,950,865 | $2,950,865 | -$2,950,865 | $0 |
| 70720 Asset Management Fee | | | | | | | | | | | | $335,520 | $335,520 | -$335,520 | $0 |
| 70730 Book Keeping Fee | | | | | | | | | | | | $553,595 | $553,595 | -$553,595 | $0 |
| 70740 Front Line Service Fee | | | | | | | | | | | | $822,242 | $822,242 | -$822,242 | $0 |
| 70750 Other Fees | | | | | | | | | | | | | | | |
| 70700 Total Fee Revenue | | | | | | | | | | | | $4,662,222 | $4,662,222 | -$4,662,222 | $0 |
| | | | | | | | | | | | | | | | |
| 70800 Other Government Grants | | | | | | | $63,450 | | | | | | $63,450 | | $63,450 |
| 71100 Investment Income - Unrestricted | $8,945 | $618 | | | | | | $21,310 | $542 | | | | $31,415 | | $31,415 |
| 71200 Mortgage Interest Income | | | | | | | | $42,008 | | | | | $42,008 | -$14,478 | $27,530 |
| 71300 Proceeds from Disposition of Assets Held for Sale | | | | | | | | $81,538 | | | | | $81,538 | | $81,538 |
| 71310 Cost of Sale of Assets | | | | | | | | -$91,348 | | | | | -$91,348 | | -$91,348 |
| 71400 Fraud Recovery | | $72,971 | | | | | | | | | $1,298 | | $74,269 | | $74,269 |
| 71500 Other Revenue | $160,574 | | | | | | | $784,105 | $9,709 | | | $38,363 | $992,751 | | $992,751 |
| 71600 Gain or Loss on Sale of Capital Assets | | | | | | | | $10,817 | | | | $4,272 | $15,089 | | $15,089 |
| 72000 Investment Income - Restricted | | $4,997 | | | | | | $13,555 | | | | | $18,552 | | $18,552 |
| 70000 Total Revenue | $22,508,057 | $23,353,928 | $719,631 | $91,835 | $274,131 | $208,403 | $63,450 | $861,985 | $1,135,718 | $0 | $229,508 | $4,704,857 | $54,151,503 | -$4,676,700 | $49,474,803 |
| | | | | | | | | | | | | | | | |
| 91100 Administrative Salaries | $1,058,200 | $1,090,745 | $42,341 | | | | | $232,474 | $27,750 | | $12,588 | $1,862,691 | $4,326,789 | | $4,326,789 |
| 91200 Auditing Fees | $27,171 | $18,159 | $1,422 | | | | | $1,785 | $1,190 | | $450 | $8,335 | $58,512 | | $58,512 |
| 91300 Management Fee | $2,469,523 | $424,788 | $16,315 | | | | | | $35,388 | | $4,851 | | $2,950,865 | -$2,950,865 | $0 |
| 91310 Book-keeping Fee | $276,565 | $263,733 | $10,250 | | | | | | | | $3,047 | | $553,595 | -$553,595 | $0 |
| 91400 Advertising and Marketing | $6,840 | $1,931 | | | | | | $60 | $15,179 | | | $21,065 | $45,075 | | $45,075 |
| 91500 Employee Benefit contributions - Administrative | $464,411 | $391,510 | $15,216 | | | | | $96,083 | $9,987 | | $4,524 | $613,975 | $1,595,706 | | $1,595,706 |
| 91600 Office Expenses | $306,469 | $148,726 | $6,526 | | | | | $21,476 | $2,945 | | $1,940 | $316,548 | $804,630 | -$44,166 | $760,464 |
| 91700 Legal Expense | $48,220 | $10,235 | | | | | | $44,669 | $4,296 | | | $30,750 | $138,170 | -$44,660 | $93,510 |
| 91800 Travel | $4,491 | $5,414 | | | | | | $2,544 | $72 | | | $47,303 | $59,824 | | $59,824 |
| 91900 Other | $2,322,376 | $109,859 | $3,962 | | | | | $523,653 | $39,763 | | $1,178 | $798,336 | $3,799,127 | -$56,666 | $3,742,461 |
| 91000 Total Operating - Administrative | $6,984,266 | $2,465,100 | $96,032 | $0 | $0 | $0 | $0 | $922,744 | $136,570 | $0 | $28,578 | $3,699,003 | $14,332,293 | -$3,649,952 | $10,682,341 |

## Lucas Metropolitan Housing Authority

## Financial Data Schedules
## December 31, 2011

| | Project Total | 14.871 Housing Choice Vouchers | 14.181 Supportive Housing for Persons with Disabilities | 14.238 Shelter Plus Care | 14.870 Resident Opportunity and Supportive Services | 14.VSH HUD-VETERANS AFFAIRS SUPPORTIVE HOUSING (HUD VASH) PROGRAM | 2 State/Local | 1 Business Activities | 6 Component Units | 14.182 N/C S/R Section 8 Programs | 14.856 Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitat | COCC | Subtotal | ELIM | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 92000 Asset Management Fee | $335,520 | | | | | | | | | | | | $335,520 | -$335,520 | $0 |
| 92100 Tenant Services - Salaries | | | | | $211,523 | | | | | | | | $211,523 | | $211,523 |
| 92200 Relocation Costs | $327,539 | | | | | | | | | | | | $327,539 | | $327,539 |
| 92400 Tenant Services - Other | $495,182 | | | | $62,608 | | | $42,930 | | | | $933 | $601,653 | | $601,653 |
| 92500 Total Tenant Services | $822,721 | $0 | $0 | $0 | $274,131 | $0 | $0 | $42,930 | $0 | $0 | $0 | $933 | $1,140,715 | $0 | $1,140,715 |
| | | | | | | | | | | | | | | | |
| 93100 Water | $1,690,257 | $1,935 | | | | | | | $48,900 | | | $15,237 | $1,756,329 | | $1,756,329 |
| 93200 Electricity | $1,324,208 | $21,019 | | | | | | $95 | $17,375 | | | $64,308 | $1,427,005 | | $1,427,005 |
| 93300 Gas | $1,295,019 | $3,661 | | | | | | $244 | $815 | | | $32,375 | $1,332,114 | | $1,332,114 |
| 93000 Total Utilities | $4,309,484 | $26,615 | $0 | $0 | $0 | $0 | $0 | $339 | $67,090 | $0 | $0 | $111,920 | $4,515,448 | $0 | $4,515,448 |
| | | | | | | | | | | | | | | | |
| 94100 Ordinary Maintenance and Operations - Labor | $2,202,303 | $352 | | | | | | | $24,203 | | | $346,802 | $2,573,660 | | $2,573,660 |
| 94200 Ordinary Maintenance and Operations - Materials and Other | $1,103,711 | $17,157 | | | | | | $2,520 | $66,291 | | | $144,379 | $1,334,058 | | $1,334,058 |
| 94300 Ordinary Maintenance and Operations Contracts | $1,692,219 | $5,289 | $479 | | | | | $97 | $56,981 | | $142 | $59,474 | $1,814,681 | -$676,750 | $1,137,931 |
| 94500 Employee Benefit Contributions - Ordinary Maintenance | $792,443 | | | | | | | | $12,315 | | | $127,332 | $932,090 | | $932,090 |
| 94000 Total Maintenance | $5,790,676 | $22,798 | $479 | $0 | $0 | $0 | $0 | $2,617 | $159,790 | $0 | $142 | $677,987 | $6,654,489 | -$676,750 | $5,977,739 |
| | | | | | | | | | | | | | | | |
| 95200 Protective Services - Other Contract Costs | $968,438 | $1,093 | | | | | | $62 | $15,571 | | | $11,459 | $996,623 | | $996,623 |
| 95000 Total Protective Services | $968,438 | $1,093 | $0 | $0 | $0 | $0 | $0 | $62 | $15,571 | $0 | $0 | $11,459 | $996,623 | $0 | $996,623 |
| | | | | | | | | | | | | | | | |
| 96110 Property Insurance | $302,034 | $1,442 | | | | | | | $17,035 | | | $4 | $320,515 | | $320,515 |
| 96120 Liability Insurance | $173,110 | $16,206 | $835 | | | | | | $2,213 | | $248 | $50,086 | $242,698 | | $242,698 |
| 96130 Workmen's Compensation | $92,595 | $30,756 | $1,145 | | | | | $7,211 | | | $340 | $64,129 | $196,176 | | $196,176 |
| 96140 All Other Insurance | | $4,598 | | | | | | | | | $0 | | $4,598 | | $4,598 |
| 96100 Total insurance Premiums | $567,739 | $53,002 | $1,980 | $0 | $0 | $0 | $0 | $7,211 | $19,248 | $0 | $588 | $114,219 | $763,987 | $0 | $763,987 |
| | | | | | | | | | | | | | | | |
| 96200 Other General Expenses | $25,977 | $25,731 | | | | | | $789 | $2,097 | | | $15,858 | $70,452 | | $70,452 |
| 96210 Compensated Absences | $51,489 | $18,672 | | | | | | | | | | $21,019 | $91,180 | | $91,180 |
| 96300 Payments in Lieu of Taxes | $254,550 | | | | | | | | $219,704 | | | | $474,254 | | $474,254 |
| 96400 Bad debt - Tenant Rents | $125,068 | | | | | | | | | | | | $125,068 | | $125,068 |
| 96000 Total Other General Expenses | $457,084 | $44,403 | $0 | $0 | $0 | $0 | $0 | $789 | $221,801 | $0 | $0 | $36,877 | $760,954 | $0 | $760,954 |
| | | | | | | | | | | | | | | | |
| 96710 Interest of Mortgage (or Bonds) Payable | | | | | | | | | $333,265 | | | | $333,265 | | $333,265 |
| 96720 Interest on Notes Payable (Short and Long Term) | | | | | | | | | $14,478 | | | | $14,478 | -$14,478 | $0 |
| 96700 Total Interest Expense and Amortization Cost | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $347,743 | $0 | $0 | $0 | $347,743 | -$14,478 | $333,265 |
| | | | | | | | | | | | | | | | |
| 96900 Total Operating Expenses | $20,235,928 | $2,613,011 | $98,491 | $0 | $274,131 | $0 | $0 | $976,692 | $967,813 | $0 | $29,308 | $4,652,398 | $29,847,772 | -$4,676,700 | $25,171,072 |
| | | | | | | | | | | | | | | | |
| 97000 Excess of Operating Revenue over Operating Expenses | $2,272,129 | $20,740,917 | $621,140 | $91,835 | $0 | $208,403 | $63,450 | -$114,707 | $167,905 | $0 | $200,200 | $52,459 | $24,303,731 | $0 | $24,303,731 |

## Lucas Metropolitan Housing Authority

## Financial Data Schedules
## December 31, 2011

| | Project Total | 14.871 Housing Choice Vouchers | 14.181 Supportive Housing for Persons with Disabilities | 14.238 Shelter Plus Care | 14.870 Resident Opportunity and Supportive Services | 14.VSH HUD-VETERANS AFFAIRS SUPPORTIVE HOUSING (HUD VASH) PROGRAM | 2 State/Local | 1 Business Activities | 6 Component Units | 14.182 N/C S/R Section 8 Programs | 14.856 Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitat | COCC | Subtotal | ELIM | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 97100 Extraordinary Maintenance | $4,734 | | | | | | | | | | | | $4,734 | | $4,734 |
| 97200 Casualty Losses - Non-capitalized | | $5,200 | | | | | | | | | | | $5,200 | | $5,200 |
| 97300 Housing Assistance Payments | | $21,172,212 | $604,395 | $91,835 | | $182,907 | $57,682 | | | | $192,096 | | $22,301,127 | | $22,301,127 |
| 97400 Depreciation Expense | $3,731,317 | $3,017 | | | | | | $6,729 | $272,522 | | | $110,769 | $4,124,354 | | $4,124,354 |
| 90000 Total Expenses | $23,971,979 | $23,793,440 | $702,886 | $91,835 | $274,131 | $182,907 | $57,682 | $983,421 | $1,240,335 | $0 | $221,404 | $4,763,167 | $56,283,187 | -$4,676,700 | $51,606,487 |
| 10010 Operating Transfer In | $995,778 | | | | | | | | | | | | $995,778 | | $995,778 |
| 10020 Operating transfer Out | -$995,778 | | | | | | | | | | | | -$995,778 | | -$995,778 |
| 10070 Extraordinary Items, Net Gain/Loss | -$191,847 | | | | | | | | | | | | -$191,847 | | -$191,847 |
| 10100 Total Other financing Sources (Uses) | -$191,847 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | -$191,847 | $0 | -$191,847 |
| 10000 Excess (Deficiency) of Total Revenue Ove (Under) Total Expenses | -$1,655,769 | -$439,512 | $16,745 | $0 | $0 | $25,496 | $5,768 | -$121,436 | -$104,617 | $0 | $8,104 | -$58,310 | -$2,323,531 | $0 | -$2,323,531 |
| 11020 Required Annual Debt Principal Payments | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $89,726 | $0 | $0 | $0 | $89,726 | | $89,726 |
| 11030 Beginning Equity | $52,120,724 | $4,827,381 | $50,580 | $0 | $0 | $91,167 | $0 | $8,290,010 | $1,215,649 | -$895,089 | $17,736 | $3,403,125 | $69,121,283 | | $69,121,283 |
| 11040 Prior Period Adjustments, Equity Transfers and Correction of Errors | | $116,663 | | | | -$116,663 | | -$895,089 | | $895,089 | | | $0 | | $0 |
| 11170 Administrative Fee Equity | | $504,487 | | | | | | | | | | | $504,487 | | $504,487 |
| 11180 Housing Assistance Payments Equity | | $4,000,045 | | | | | | | | | | | $4,000,045 | | $4,000,045 |
| 11190 Unit Months Available | 33839 | 46260 | 1800 | 300 | 0 | 739 | 100 | 192 | 2280 | | 564 | | 86074 | | 86074 |
| 11210 Number of Unit Months Leased | 33509 | 45627 | 1800 | 254 | 0 | 539 | 100 | 192 | 2165 | | 564 | | 84750 | | 84750 |
| 11270 Excess Cash | $5,034,888 | | | | | | | | | | | | $5,034,888 | | $5,034,888 |
| 11620 Building Purchases | $1,307,173 | | | | | | | | | | | | $1,307,173 | | $1,307,173 |
| 11630 Furniture & Equipment - Dwelling Purchases | $784,101 | | | | | | | | | | | | $784,101 | | $784,101 |

# Lucas Metropolitan Housing Authority
## PHA's Statement and Certification of Actual Modernization Cost
## through December 31, 2012

Capital Fund Program Number OH12S00650109

1. The Program Costs are as follows:

| | | |
|---|---|---|
| Funds Approved | $ | 6,437,159 |
| Funds Expended | | 6,437,159 |
| Excess (Deficiency) of Funds Approved | $ | - |

| | | |
|---|---|---|
| Funds Advanced | $ | 6,437,159 |
| Funds Expended | | 6,437,159 |
| Excess (Deficiency) of Funds Approved | $ | - |

3. All costs have been paid and there are no outstanding obligations.

3. The Final Financial Status Report was signed and filed on June 21, 2012.

2. The final costs on the certification agree to the Authority's records.

# LUCAS METROPOLITAN HOUSING AUTHORITY
## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
## FOR THE YEAR ENDED DECEMBER 31, 2011

| Federal Agency/Pass-through Agency/Program Title | CFDA Number | Federal Expenditures |
|---|---|---|
| **U. S. Department of Housing and Urban Development** | | |
| *Direct Programs:* | | |
| Public and Indian Housing | 14.850 | $ 12,657,244 |
| | | |
| Housing Choice Voucher Cluster: | | |
| Section 8 Housing Choice Voucher Program | 14.871 | 23,275,342 |
| Veterans Affairs Supportive Housing Program | 14.871 | 208,403 |
| Total Housing Choice Voucher Cluster | | 23,483,745 |
| | | |
| Supportive Housing for Persons with Disabilities | 14.181 | 719,631 |
| | | |
| Section 8 Project-based Cluster | | |
| Lower Income Housing Assistance Program-Section 8 Moderate Rehabilitation | 14.856 | 228,210 |
| Total Section 8 Project-based Cluster | | 228,210 |
| | | |
| Capital Fund Program Cluster: | | |
| Public Housing Capital Fund | 14.872 | 5,089,175 |
| Total Capital Fund Program Cluster | | 5,089,175 |
| | | |
| Shelter Plus Care | 14.238 | 91,835 |
| | | |
| Resident Opportunity and Supportive Services - Service Coordinators | 14.870 | 274,130 |
| | | |
| Total Expenditures of Federal Awards | | $ 42,543,970 |

See accompanying notes to schedule.

**LUCAS METROPOLITAN HOUSING AUTHORITY**
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**FOR THE YEAR ENDED DECEMBER 31, 2011**

## 1. Basis of Presentation

The schedule of expenditures of federal awards has been prepared using the accrual basis of accounting in accordance with the format as set forth in the *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget Circular A-133, *Audits of State and Local Governments.*

Bastin & Company, LLC
*Certified Public Accountants*

**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 Commissioners
Lucas Metropolitan Housing Authority
Toledo, Ohio

We have audited the financial statements of the Lucas Metropolitan Housing Authority, Toledo, Ohio (the Authority) as of and for the year ended December 31, 2011, and have issued our report thereon dated June 22, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

Management of the Authority is responsible for establishing and maintaining effective 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 auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion 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, 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 the 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 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*.

We noted certain matters that we have reported to management of the Village in a separate letter dated June 22, 2012.


*4286 Mt. Carmel – Tobasco Road, Suite A, Cincinnati, Ohio 45244-2372, Telephone/Fax (513) 753-3999*

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

Bastin & Company, LLC

Cincinnati, Ohio
June 22, 2012

Bastin & Company, LLC
*Certified Public Accountants*

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

Board of Commissioners
Lucas Metropolitan Housing Authority
Toledo, Ohio

**Compliance**

We have audited the Lucas Metropolitan Housing Authority, Toledo, Ohio's (the Authority) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2011. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that 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 the 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 the Authority's compliance with those requirements.

In our opinion, the Lucas Metropolitan Housing Authority, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

**Internal Control Over Compliance**

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the 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 the Authority's internal control over compliance.


*4286 Mt. Carmel – Tobasco Road, Suite A, Cincinnati, Ohio 45244-2372, Telephone/Fax (513) 753-3999*

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 Commissioners, management and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Bastin & Company, LLC

Cincinnati, Ohio
June 22, 2012

**LUCAS METROPOLITAN HOUSING AUTHORITY**
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**
**OMB Circular A-133 § .505**
**FOR THE YEAR ENDED DECEMBER 31, 2011**

## SUMMARY OF AUDITORS' RESULTS

| | |
|---|---|
| Type of financial statement opinion | Unqualified |
| Were there any material control weaknesses reported at the financial statement level? | No |
| Were there any other significant deficiencies in internal control reported at the financial statement level? | No |
| Was there any reported material noncompliance reported at the financial statement level? | No |
| Were there any material internal control weakness reported for major federal programs? | No |
| Were there any other significant deficiencies in internal control reported for major federal programs? | No |
| Type of major programs' compliance opinion | Unqualified |
| Are there any reportable findings? | No |
| Major programs: | Section 8 Housing Choice Vouchers: CFDA 14.871 |
| Dollar threshold to distinguish between Type A/B programsType | A: >$1,276,319<br>Type B: all others |
| Low risk auditee? | No |

## FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

None

## FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**LUCAS METROPOLITAN HOUSING AUTHORITY**
**SCHEDULE OF PRIOR AUDIT FINDINGS**
**FOR THE YEAR ENDED DECEMBER 31, 2011**

| Finding Number | Finding Summary | Fully Corrected? | Status Explanation |
|---|---|---|---|
| 2010-01 | Material weakness-Bank Reconciliations | Yes | Condition not noted during current audit period. |
| 2010-02 | Significant deficiency-Calculation of compensated absences | Yes | Condition not noted during current audit period. |

**LUCAS METROPOLITAN HOUSING AUTHORITY**

**LUCAS 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**
**OCTOBER 18, 2012**