

AUDITED BASIC FINANCIAL STATEMENTS
OF THE
HURON METROPOLITAN HOUSING AUTHORITY
JULY 1, 2013 – JUNE 30, 2014





Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Huron Metropolitan Housing Authority, Huron County, prepared by Wilson, Shannon & Snow, Inc., for the audit period July 1, 2013 through June 30, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

September 26, 2014

This page intentionally left blank.

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY**

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT’S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS:	
STATEMENT OF NET POSITION – PROPRIETARY FUND	12
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY FUND	13
STATEMENT OF CASH FLOWS – PROPRIETARY FUND	14
NOTES TO THE BASIC FINANCIAL STATEMENTS	15
SUPPLEMENTAL DATA:	
ENTITY WIDE BALANCE SHEET SUMMARY – FDS SCHEDULE SUBMITTED TO HUD	24
ENTITY WIDE REVENUE AND EXPENSE SUMMARY – FDS SCHEDULE SUBMITTED TO HUD	25
STATEMENT OF CHANGES IN EQUITY BALANCES – FDS SCHEDULE SUBMITTED TO HUD	26
SCHEDULE OF FEDERAL AWARDS EXPENDITURES AND NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES	27
INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY <i>GOVERNMENT AUDITING STANDARDS</i>	29
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133	31
SCHEDULE OF FINDINGS – <i>OMB CIRCULAR A-133 § .505</i>	33



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Huron Metropolitan Housing Authority, Huron County, Ohio (the Authority), as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Authority's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS

Ten West Locust Street

Newark, Ohio 43055

(740) 345-6611

1-800-523-6611

FAX (740) 345-5635

Huron Metropolitan Housing Authority
Board of Directors
Independent Auditor's Report

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Huron Metropolitan Housing Authority, Huron County, Ohio, as of June 30, 2014, and the changes in financial position and its cash flows for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted to opine on the Authority's basic financial statements taken as a whole.

The Financial Data Schedules are presented for purpose 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 Schedule of Federal Awards Expenditures also presents additional analysis as required by the 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 schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Huron Metropolitan Housing Authority
Board of Directors
Independent Auditor's Report

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2014, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Wilson, Shuman & Snow, Inc.

Newark, Ohio
September 17, 2014

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current years activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements (beginning on page 12).

FINANCIAL HIGHLIGHTS

- During fiscal year 2014, the Authority's net position decreased by \$230,160 (or 50.9%). Since the Authority engages only in business-type activities, the decrease is all in the category of business-type net position. Net position for fiscal year 2014 was \$222,418 and net position for fiscal year 2013 was \$452,578.

- Revenues decreased by \$167,909 (or 6.7%) during fiscal year 2014, and were \$2,506,355 and \$2,338,446 for fiscal year 2013 and fiscal year 2014, respectively.

- Expenses decreased by \$122,010 (or 4.5%) during fiscal year 2014. Total expenses were \$2,690,616 and \$2,568,606 for fiscal year 2013 and fiscal year 2014, respectively.

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

USING THIS ANNUAL REPORT

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

MD&A

~ Management’s Discussion
And Analysis –pgs 4-11 ~

Basic Financial Statements

~ Basic Financial Statements – pgs 12-14 ~
~ Notes to the Basic Financial Statements – pg 15-22~

Other Required Supplementary Information

~ Required Supplementary Information - none~

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

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

Government-Wide Financial Statements

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

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

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

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

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

Unrestricted: Consists of Net Position that do not meet the definition of "Investment in Capital Assets", or "Restricted".

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

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

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

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

The Authority’s Fund

The Authority consists of exclusively an Enterprise Fund. The Enterprise fund utilizes the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized in the private sector. The fund maintained by the Authority is required by the Department of Housing and Urban Development (HUD).

Business-Type Activities:

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

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

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

Home Investment Partnerships Program – grant monies are received from local sources to administer this program in a manner similar to the Housing Choice Voucher Program.

Statement of Net Position

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

STATEMENT OF NET POSITION

	<u>2014</u>	<u>2013</u>
Current and Other Assets	\$242,714	\$480,304
Capital Assets	<u>49,353</u>	<u>46,981</u>
Total Assets	<u>292,067</u>	<u>527,285</u>
Current Liabilities	27,676	26,589
Non-Current Liabilities	<u>41,973</u>	<u>48,118</u>
Total Liabilities	<u>69,649</u>	<u>74,707</u>
Net Position:		
Investment in Capital Assets	49,353	46,981
Restricted	-	175,063
Unrestricted	<u>173,065</u>	<u>230,534</u>
Total Net Position	<u>\$222,418</u>	<u>\$452,578</u>

For more detailed information see page 12 for the Statement of Net Position.

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

Major Factors Affecting the Statement of Net Position

Current and other assets decreased by \$237,590 in fiscal year 2014. This difference mostly represents the use of Housing Assistance Payment reserves to cover current fiscal year housing assistance payments which decreased current and other assets (primarily cash). Liabilities decreased by \$5,058 in fiscal year 2014 due to decrease in compensated absence liability.

Capital assets increased \$2,372 during fiscal year 2014. The increase is attributed to current year additions exceeding current year depreciation. For more detail see "Capital Assets and Debt Administration" on page 10.

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

CHANGE OF UNRESTRICTED NET POSITION

Unrestricted Net Position June 30, 2013		\$230,534
Results of Operations	\$(55,097)	
Adjustments:		
Depreciation (1)	<u>6,691</u>	
Adjusted Results from Operations		(48,406)
Capital Expenditures		<u>(9,063)</u>
Unrestricted Net Position June 30, 2014		<u>\$173,065</u>

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

CHANGE OF RESTRICTED NET POSITION

Restricted Net Position June 30, 2013		\$175,063
Results of Operations:		
HAP Reserves Used	\$(176,570)	
Fraud Recovery Payments	<u>1,507</u>	
Adjusted Results from Operations		<u>(175,063)</u>
Restricted Net Position June 30, 2014		\$ <u> -</u>

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

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

	<u>2014</u>	<u>2013</u>
Revenues		
HUD PHA Operating Grants	\$2,265,763	\$2,425,305
Interest	545	94
Gain on Sale of Asset	-	8,701
Other Revenues	<u>72,138</u>	<u>72,255</u>
Total Revenue	<u>2,338,446</u>	<u>2,506,355</u>
Expenses		
Administrative	352,194	360,246
Maintenance	6,348	5,365
General	9,673	7,694
Housing Assistance Payments	2,193,700	2,311,283
Depreciation	<u>6,691</u>	<u>6,028</u>
Total Expenses	<u>2,568,606</u>	<u>2,690,616</u>
Change in Net Position	(230,160)	(184,261)
Net Position at July 1	<u>452,578</u>	<u>636,839</u>
Net Position at June 30	\$ <u>222,418</u>	\$ <u>452,578</u>

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

HUD PHA Operating Grants decreased by \$159,542 in grant funding from HUD in fiscal year 2014. Although leasing rates remained fairly consistent with a slight increase in fiscal year 2014, grant revenues decreased along with housing assistance payments, however, the decrease in revenues was larger than the decrease in housing assistance payments which resulted in a decrease of HAP reserves which was used to meet housing assistance payment deficits.

Other revenues represent income from providing services to other housing authorities, revenues from tenant fraud recovery, and service fees from other housing authorities. The decrease in fiscal year 2014 was the result of the Authority receiving less revenue from providing inspection services.

Annual payroll changes, including the retirement of an employee, during fiscal year 2013, contributed to the change in the Administrative expenses category in fiscal year 2014. Administrative expenses include salaries and related benefits, along with other administrative expense such as audit fees and office expenses.

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

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2014, the Authority had \$49,353 invested in capital assets as reflected in the following schedule, which represents a net increase (addition, deductions, and depreciation).

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

	<u>Business-Type Activities</u>	
	<u>2014</u>	<u>2013</u>
Capital Assets, Cost	\$239,022	\$229,959
Accumulated Depreciation	(189,669)	(182,978)
Total	\$ <u>49,353</u>	\$ <u>46,981</u>

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

CHANGE IN CAPITAL ASSETS

	<u>Business Type Activities</u>
Beginning Balance	\$46,981
Additions	9,063
Depreciation	(6,691)
Ending Balance	\$ <u>49,353</u>

During fiscal year 2014, the Authority purchased and installed a security system along with various lobby improvements which represent the additions. There were no disposals of capital assets in fiscal year 2014.

Debt Outstanding

As of June 30, 2014, the Authority has no outstanding debt.

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development.
- Local labor supply and demand, which can affect salary and wage rates.
- Local inflationary, recession and employment trends, which can affect resident incomes and therefore the demand for housing assistance.
- Inflationary pressure on utility rates, supplies and other costs.

FINANCIAL CONTACT

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

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY**

**STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2014**

Assets

Current Assets:

Cash and Cash Equivalents	\$ 214,468
Restricted Cash	12,640
Intergovernmental Receivable	13,216
Prepaid Items	<u>2,390</u>
Total Current Assets	<u>242,714</u>

Non-Current Assets:

Capital Assets:

Nondepreciable Capital Assets	10,000
Depreciable Capital Assets	229,022
Accumulated Depreciation	<u>(189,669)</u>
Total Capital Assets	<u>49,353</u>

Total Assets

292,067

Liabilities

Current Liabilities:

Accounts Payable	5,243
Accrued Wages and Payroll Taxes	3,593
Intergovernmental Payable	393
Accrued Compensated Absences	6,200
Unearned Revenue	<u>12,247</u>
Total Current Liabilities	<u>27,676</u>

Non-Current Liabilities:

Accrued Compensated Absences	<u>41,973</u>
------------------------------	---------------

Total Liabilities

69,649

Net Position

Investment in Capital Assets	49,353
Unrestricted	<u>173,065</u>

Total Net Position

\$ 222,418

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

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Operating Revenues		
HUD PHA Operating Grants		\$ 2,265,763
Fraud Recovery		3,013
Other Revenues		<u>69,125</u>
Total Operating Revenue		<u>2,337,901</u>
Operating Expenses		
Housing Assistance Payments	2,193,700	
Salaries	175,062	
Employee Benefits	79,881	
Other Administrative Expenses	97,251	
Ordinary Maintenance & Operations	6,348	
Depreciation	6,691	
General	<u>9,673</u>	
Total Operating Expenses		<u>2,568,606</u>
Operating Loss		<u>(230,705)</u>
Nonoperating Revenues		
Interest		<u>545</u>
Change in Net Position		(230,160)
Net Position at July 1, 2013		<u>452,578</u>
Net Position at June 30, 2014		<u><u>\$ 222,418</u></u>

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

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Cash flows from operating activities:

Cash received from HUD/grant agencies	\$ 2,252,422
Cash received from other sources	72,138
Cash payments to employees for services	(267,733)
Cash payments for good or services - HUD	(2,193,700)
Cash payments for goods or services	<u>(102,102)</u>

Net cash used in operating activities (238,975)

Cash flows from capital activities:

Purchases of capital assets	<u>(9,063)</u>
-----------------------------	----------------

Net cash used in capital activities (9,063)

Cash flows from investing activities:

Interest	<u>545</u>
----------	------------

Net cash provided by investing activities 545

Net change in cash and cash equivalents (247,493)

Cash and cash equivalents at July 1, 2013 474,601

Cash and cash equivalents at June 30, 2014 **\$ 227,108**

Reconciliation of operating loss to net cash used in operating activities:

Operating loss	\$ (230,705)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	6,691
Changes in assets and liabilities:	
Intergovernmental receivable	(13,216)
Accounts receivable, net	3,443
Prepaid items	(130)
Accounts payable	(174)
Accrued wages and payroll taxes	(36)
Other liabilities	<u>(4,848)</u>

Net cash used in operating activities **\$ (238,975)**

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

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

The basic financial statements of the Huron Metropolitan Housing Authority (the Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the generally accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

Reporting Entity

The Authority was created under the Ohio Revised Code, Section 3735.27. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate. The accompanying basic financial statements comply with the provisions of GASB Statement No. 39, *Determining Whether Organizations are Component Units*, in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.

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

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

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

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fund Accounting

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

Proprietary Fund Types:

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

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

The Authority accounts for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Accounting and Reporting for Nonexchange Transactions

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

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

Unearned Revenues

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as a receivable or revenue, or unearned revenue of the current fiscal year.

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Capital Assets

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

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

Cash and Cash Equivalents

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

Prepaid Items

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

Compensated Absences

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

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: 1) The employees' rights to receive compensation are attributable to services already rendered and are not contingent on a specific event that is outside the control of the employer and employee, 2) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement. In the proprietary fund, the compensated absences are expensed when earned with the amount reported as a current liability.

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accounts Receivable

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

Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. The Authority had current restricted assets of \$12,247 for payments of current liabilities associated with administration fees received but not yet earned and \$393 for interest earned on Housing Assistance Payment cash balance which will be repaid to HUD based on a provision of the Housing Choice Voucher Program..

Net Position

Net position represents the difference between assets and liabilities. The investment in capital assets consists of capital assets net of accumulated depreciation. Net position is 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. When an expense is incurred for purposes which both restricted and unrestricted net position is available, the Authority first applies restricted resources. The Authority did not have net position restricted by enabling legislature at June 30, 2014.

Estimates

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

Operating Revenues and Expenses

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

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(CONTINUED)**

2. CASH AND CASH EQUIVALENTS

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

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

Cash and cash equivalents included in the Authority's cash position at June 30, 2014 are as follows:

Demand deposits:	Checking	Savings
Bank balance	\$ 28,030	\$ 201,933
Items-in-transit	(2,905)	-
Carrying balance	\$ 25,125	\$ 201,933

The fiscal year-end cash balance of \$229,963 was covered by federal deposit insurance. In addition, \$50 was maintained in petty cash funds which is included in cash and cash equivalents presented on the statement of net position.

Based on the Authority having only demand deposits at June 30, 2014, the Authority is not subject to interest rate, credit, concentration, or custodial credit risks.

3. RISK MANAGEMENT

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

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

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(CONTINUED)**

4. CAPITAL ASSETS

The following is a summary of capital assets at June 30, 2014:

	<u>Balance at July 1, 2013</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at June 30, 2014</u>
Capital Assets Not Depreciated				
Land	\$ <u>10,000</u>	\$ _____	\$ _____	\$ <u>10,000</u>
Total Capital Assets Not Depreciated	<u>10,000</u>	_____	_____	<u>10,000</u>
Capital Assets Depreciated				
Building and Improvements	191,161	4,767	-	195,928
Vehicles	11,260	-	-	11,260
Equipment	<u>17,538</u>	<u>4,296</u>	_____	<u>21,834</u>
Total Capital Assets Depreciated	<u>219,959</u>	<u>9,063</u>	_____	<u>229,022</u>
Accumulated Depreciation				
Building and Improvements	(157,345)	(5,425)	-	(162,770)
Vehicles	(10,760)	-	-	(10,760)
Equipment	<u>(14,873)</u>	<u>(1,266)</u>	_____	<u>(16,139)</u>
Total Accumulated Depreciation	<u>(182,978)</u>	<u>(6,691)</u>	_____	<u>(189,669)</u>
Total Capital Assets Depreciated, Net	<u>36,981</u>	<u>2,372</u>	_____	<u>39,353</u>
Total Capital Assets, Net	\$ <u>46,981</u>	\$ <u>2,372</u>	\$ _____	\$ <u>49,353</u>

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

Plan Description – All employees of the Authority are eligible to participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans as described below:

1. The Traditional Pension Plan – a cost sharing, multiple-employer defined pension plan.
2. The Member-Directed Plan – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
3. The Combined Plan – a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(CONTINUED)**

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

OPERS provides retirement, disability, and survivor benefits as well as postretirement health care coverage to qualifying members of both the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-retirement health care coverage. The authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a publicly available comprehensive annual financial report which includes financial statements and required supplementary information for OPERS. That report may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Authority and covered employees contribute at actuarially determined rates for fiscal year 2014, 14% and 10%, respectively, of covered employee payroll to OPERS. The Authority's contributions to OPERS for the fiscal years ended June 30, 2014, 2013, and 2012 were \$24,415, \$25,572, and \$25,903, respectively which were equal to the required contributions for each year. The employees' contributions to OPERS for June 30, 2014, 2013, 2012 were \$17,973, \$20,678, and \$18,534. Required contributions are equal to 100% of the dollar amount billed.

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

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

OPERS' Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members of the Traditional Plan was 1% during calendar year 2013 (latest information available). The portion of employer contributions allocated to health care for members in the Combined Plan was 1% during calendar year 2013. Effective January 1, 2014, the portion of employer contributions allocated to healthcare was raised to 2% for both plans, as recommended by the OPERS Actuary. 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.

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(CONTINUED)**

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

Employer contributions made to fund post-employment benefits were approximately \$1,743.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and approved health care changes, OPERS expects to be able to consistently allocate 4% of the employer contributions towards the health care fund after the end of the transition period.

6. COMPENSATED ABSENCES

The following is a summary of compensated absences at June 30, 2014:

<u>Balance at July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at June 30, 2014</u>	<u>Due in One Year</u>
\$52,786	\$26,766	\$(31,379)	\$48,173	\$6,200

7. CONTINGENT LIABILITIES

A. Grants

Amounts grantor agencies pay to the Authority are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs or excess reserve balances. Management cannot presently determine amounts grantors may disallow or recapture. However, based on prior experience, management believes any such disallowed claims or recaptured amounts would not have a material adverse effect on the overall financial position of the Authority at June 30, 2014.

B. Litigation

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

This page intentionally left blank.

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY**

**ENTITY WIDE BALANCE SHEET SUMMARY
FDS SCHEDULE SUBMITTED TO HUD
JUNE 30, 2014**

FDS Line Item No.	Account Description	14.871 Section 8 Housing Choice Vouchers	Business Activities	Total
	Current Assets			
	Cash			
111	Cash - Unrestricted	\$ 42,518	\$ 171,950	\$ 214,468
115	Cash- Restricted for Payment of Current Liabilities	12,640	-	12,640
100	Total Cash	<u>55,158</u>	<u>171,950</u>	<u>227,108</u>
	Accounts Receivable			
122	Accounts Receivable - HUD Other Projects	10,993	-	10,993
124	Accounts Receivable - Other Government	2,223	-	2,223
128	Fraud Recovery	3,380	-	3,380
128.1	Allowance for Doubtful Accounts	(3,380)	-	(3,380)
120	Total Receivables, Net of Allowance for Doubtful Accounts	<u>13,216</u>	<u>-</u>	<u>13,216</u>
	Other Assets			
142	Prepaid Expenses and Other Assets	2,390	-	2,390
150	Total Current Assets	<u>70,764</u>	<u>171,950</u>	<u>242,714</u>
	Noncurrent Assets			
	Capital Assets			
161	Land	-	10,000	10,000
162	Buildings	-	109,000	109,000
164	Furniture and Equipment - Administration	33,094	-	33,094
165	Leasehold Improvements	86,928	-	86,928
166	Accumulated Depreciation	(80,669)	(109,000)	(189,669)
160	Total Capital Assets net of accumulated depreciation	<u>39,353</u>	<u>10,000</u>	<u>49,353</u>
180	Total Noncurrent Assets	<u>39,353</u>	<u>10,000</u>	<u>49,353</u>
190	Total Assets	<u>\$ 110,117</u>	<u>\$ 181,950</u>	<u>\$ 292,067</u>
	Current Liabilities			
312	Accounts Payable	\$ 5,243	\$ -	\$ 5,243
321	Accrued Wages and Payroll Taxes	3,593	-	3,593
322	Accrued Compensated Absences - Current	6,200	-	6,200
331	Accounts Payable- HUD PHA Programs	393	-	393
342	Unearned Revenue	12,247	-	12,247
310	Total Current Liabilities	<u>27,676</u>	<u>-</u>	<u>27,676</u>
	Non-Current Liabilities			
354	Accrued Compensationd Absences-Non-Current	41,973	-	41,973
350	Total Non-Current Liabilities	<u>41,973</u>	<u>-</u>	<u>41,973</u>
300	Total Liabilities	<u>69,649</u>	<u>-</u>	<u>69,649</u>
	Net Position			
508.1	Investment in Capital Assets	39,353	10,000	49,353
512.1	Unrestricted	1,115	171,950	173,065
	Total Net Position	<u>40,468</u>	<u>181,950</u>	<u>222,418</u>
600	Total Liabilities and Net Position	<u>\$ 110,117</u>	<u>\$ 181,950</u>	<u>\$ 292,067</u>

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

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY**

**ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FDS SCHEDULE SUBMITTED TO HUD
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

FDS Line Item No.	Account Description	14.871 Section 8 Housing Choice Vouchers	Business Activities	14.239 HOME Investment Partnership Program	Total
Revenue					
70600-010	Housing Assistance Payment Revenues	\$ 2,009,847			\$ 2,009,847
70600-020	Administrative Fees Revenues	247,904			247,904
70600	HUD PHA Operating Grants	<u>2,257,751</u>		\$ 8,012	<u>2,265,763</u>
71100	Investment Income - Unrestricted	<u>361</u>	\$ 184	-	<u>545</u>
71400-010	Housing Assistance Payments	1,507	-	-	1,507
71400-020	Administrative Fees	1,506	-	-	1,506
71400	Fraud Recovery	<u>3,013</u>	-	-	<u>3,013</u>
71500	Other Revenue	-	69,125	-	69,125
70000	Total Revenue	<u>2,261,125</u>	<u>69,309</u>	<u>8,012</u>	<u>2,338,446</u>
Expenses					
91100	Administrative Salaries	115,331	59,221	510	175,062
91200	Auditing Fees	5,410	-	-	5,410
91400	Advertising and Marketing	60	-	-	60
91500	Employee Benefit Contribution - Administrative	57,821	21,904	156	79,881
91600	Office Expenses	62,579	-	63	62,642
91700	Legal Expense	682	-	-	682
91800	Travel	7,691	-	-	7,691
91900	Other	<u>20,766</u>	-	-	<u>20,766</u>
91000	Total Operating - Administrative	<u>270,340</u>	<u>81,125</u>	<u>729</u>	<u>352,194</u>
94200	Ordinary Maintenance and Operations - Materials and Other	<u>6,348</u>	-	-	<u>6,348</u>
94000	Total Maintenance and Operations	<u>6,348</u>	-	-	<u>6,348</u>
96120	Liability Insurance	7,113	-	-	7,113
96130	Workmen's Compensation	2,560	-	-	2,560
96100	Total Insurance Premiums	<u>9,673</u>	-	-	<u>9,673</u>
96900	Total Operating Expenses	<u>286,361</u>	<u>81,125</u>	<u>729</u>	<u>368,215</u>
97000	Excess Operating Revenue Over Operating Expenses	<u>1,974,764</u>	<u>(11,816)</u>	<u>7,283</u>	<u>1,970,231</u>
Other Expenses					
97300	Housing Assistance Payments	2,186,417	-	7,283	2,193,700
97400	Depreciation Expense	6,691	-	-	6,691
	Total Other Expenses	<u>2,193,108</u>	-	<u>7,283</u>	<u>2,200,391</u>
90000	Total Expenses	<u>2,479,469</u>	<u>81,125</u>	<u>8,012</u>	<u>2,568,606</u>
10000	Excess of Revenues under Expenses	(218,344)	(11,816)	-	(230,160)
11030	Beginning Equity	<u>258,812</u>	<u>193,766</u>	-	<u>452,578</u>
11170	Administrative Fee Equity	40,468	-	-	40,468
11180	Housing Assistance Payment Equity	-	-	-	-
	Total Ending Net Position	<u>\$ 40,468</u>	<u>\$ 181,950</u>	<u>\$ -</u>	<u>\$ 222,418</u>

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY**

**STATEMENT OF CHANGES IN EQUITY BALANCES
FDS SCHEDULE SUBMITTED TO HUD
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

FDS Line Item No.	Account Description	14.871 Housing Choice Vouchers	
11170-001	Administrative Fee Equity - Beginning Balance		\$ 83,749
11170-010	Administrative Fee Revenue	\$ 247,904	
11170-040	Investment Income	361	
11170-045	Fraud Recovery Revenue	<u>1,506</u>	
11170-060	Total Admin Fee Revenues		249,771
11170-080	Total Operating Expenses	286,361	
11170-090	Depreciation	<u>6,691</u>	
11170-110	Total Expenses		<u>293,052</u>
11170-002	Net Administrative Fee		<u>(43,281)</u>
11170-003	Administrative Fee Equity - Ending Balance		40,468
11170	Administrative Fee Equity		<u><u>\$ 40,468</u></u>
11180-001	Housing Assistance Payments Equity - Beginning Balance		\$ 175,063
11180-010	Housing Assistance Payment Revenues	2,009,847	
11180-015	Fraud Recovery Revenue	<u>1,507</u>	
11180-030	Total Housing Assistance Payments Revenues		2,011,354
11180-080	Housing Assistance Payments	<u>2,186,417</u>	
11180-100	Total Housing Assistance Payments Expenses		<u>2,186,417</u>
11180-002	Net Housing Assistance Payments		<u>(175,063)</u>
11180-003	Housing Assistance Payments Equity - Ending Balance		-
11180	Housing Assistance Payments Equity		<u><u>\$ -</u></u>

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

<u>Federal Grantor / Pass Through Grantor Program Title</u>	<u>Pass-Through Number</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>			
Section 8 Housing Choice Vouchers	N/A	14.871	\$ 2,257,751
Passed through City of Norwalk:			
Home Investment Partnerships Program	A-C-11-2CZ-2	14.239	<u>8,012</u>
Total Federal Awards Expenditures			<u>\$ 2,265,763</u>

NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES

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

This page intentionally left blank.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Huron Metropolitan Housing Authority, Huron County, (the Authority) as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated September 17, 2014.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Authority's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Authority's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
Ten West Locust Street
Newark, Ohio 43055
(740) 345-6611
1-800-523-6611
FAX (740) 345-5635

Compliance and Other Matters

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wilson, Shuman & Snow, Inc.

Newark, Ohio
September 17, 2014



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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

To the Board of Directors:

Report on Compliance for the Major Federal Program

We have audited the Huron Metropolitan Housing Authority's (the Authority) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Huron Metropolitan Housing Authority's major federal program for the fiscal year ended June 30, 2014. The *Summary of Audit Results* in the accompanying schedule of findings identifies the Authority's major federal program.

Management's Responsibility

The Authority's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the Authority's compliance for each of the Authority's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect 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 our audit provides a reasonable basis for our compliance opinion on the Authority's major program. However, our audit does not provide a legal determination of the Authority's compliance.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
Ten West Locust Street
Newark, Ohio 43055
(740) 345-6611
1-800-523-6611
FAX (740) 345-5635

Opinion on the Major Federal Program

In our opinion, the Huron Metropolitan Housing Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the fiscal year ended June 30, 2014.

Report on Internal Control Over Compliance

The Authority's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Authority's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

Wilson, Shannon & Sons, Inc.

Newark, Ohio
September 17, 2014

**HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY**

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.



Dave Yost • Auditor of State

HURON METROPOLITAN HOUSING AUTHORITY

HURON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 9, 2014**