



OHIO AUDITOR OF STATE  
**KEITH FABER**





**BROWN METROPOLITAN HOUSING AUTHORITY  
BROWN COUNTY  
MARCH 31, 2021**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Brown Metropolitan Housing Authority  
Brown County  
406 W. Plum St.  
Georgetown, Ohio 45121

To the Board of Directors:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the Brown Metropolitan Housing Authority, Brown County, Ohio (the Authority), as of and for the year ended March 31, 2021, 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 such 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.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of March 31, 2021, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 10 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Authority. We did not modify our opinion regarding this matter.

Also, as discussed in Note 11 to the financial statements, the 2021 financial statements have been restated to correct the classification of Cash and Cash Equivalents-Unrestricted and Cash and Cash Equivalents-Restricted. This restatement does not affect our opinion.

***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 present additional analysis and are not a required part of the basic 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 this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. As stated in Note 11 of the financial statements, the Financial Data Schedules have been restated to correct the classification of Cash and Cash Equivalents-Unrestricted and Cash and Cash Equivalents-Restricted. This restatement did not affect our opinion on these Schedules.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2021, 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.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber  
Auditor of State  
Columbus, Ohio  
October 20, 2021, except for Note 11 which is dated March 29, 2022

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**BROWN METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended March 31, 2021**

**Unaudited**

It is a privilege to present for you the financial picture of Brown Metropolitan Housing Authority. The Brown Metropolitan Housing Authority's (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 (its ability to address the next and subsequent year challenges), and (d) identify the single enterprise fund issues or concerns.

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

**FINANCIAL HIGHLIGHTS**

- The revenue increased by \$52,691 during 2021. Total revenues were \$309,372 and \$362,063 for 2020 and 2021, respectively.
- The total expenses increased by \$19,793. Total expenses were \$372,045 and \$391,838 for 2020 and 2021, respectively.

**USING THIS ANNUAL REPORT**

The focus is on the Authority as a single enterprise fund. This format will allow the user to address relevant questions, broaden a basis for comparison (year to year or Authority to Authority) and enhance the Authority's accountability.

<b>MD&amp;A</b> ~ Management's Discussion and Analysis ~
<b>Basic Financial Statements</b> ~ Statement of Net Position ~ ~ Statement of Revenues, Expenses and Change in Net Position ~ ~ Statement of Cash Flows ~ ~ Notes to the Basic Financial Statements ~
<b>Supplementary Information</b> ~ Financial Data Schedules ~ ~ Actual Modernization Costs ~

**BROWN METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED  
Year Ended March 31, 2021**

Unaudited

**BASIC FINANCIAL STATEMENTS**

The basic financial statements are designed to be corporate-like in that all business-type programs are consolidated into one single enterprise fund for the 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, equals “Net Position”, formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as “Current” (convertible into cash within one year), and “Non-current”.

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

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

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

The basic financial statements also include a Statement of Revenues, Expenses and Change in Net Position (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 grant revenue, investment income, and interest expense.

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

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

The Authority’s programs that are consolidated into a single enterprise fund are as follows:

Project Total (Low-rent Public Housing & Capital Fund) – Under the Projects Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy to enable the PHA to provide the housing at a rent that is based upon 30% of adjusted gross household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for the Authority’s physical and management improvements. Funds are allocated by a formula allocation and based on size and age of the Authority’s units.

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority subsidizes rents to 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 funding to enable the Authority to structure a lease that requires the participant to pay a rent based on a percentage of their adjusted gross household income, typically 30%, and the Housing Authority subsidizes the balance.

**BROWN METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED  
Year Ended March 31, 2021**

Unaudited

**BASIC FINANCIAL STATEMENTS**

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

**TABLE 1  
STATEMENT OF NET POSITION**

		2020	2021
<b>Current and other assets</b>		\$ 64,476	\$ 85,966
<b>Capital assets</b>		880,658	826,824
	<b>TOTAL ASSETS</b>	<b>945,134</b>	<b>912,790</b>
<b>Current liabilities</b>		12,318	9,749
	<b>TOTAL LIABILITIES</b>	<b>12,318</b>	<b>9,749</b>
<b>Net Position:</b>			
<b>Invested in capital assets, net of related debt</b>		880,658	826,824
<b>Restricted net position</b>		-	6,228
<b>Unrestricted net position</b>		52,158	69,989
	<b>TOTAL NET POSITION</b>	<b>\$ 932,816</b>	<b>\$ 903,041</b>

**MAJOR FACTORS AFFECTING THE STATEMENT OF NET POSITION:**

Current assets increased due to the Authority cutting costs and receiving CARES funding to help pay for expenses.

Capital assets decreased due to additional depreciation. The capital improvements totaled less than the accumulated depreciation this fiscal year.

Net position decreased due to the change in capital assets.

**BROWN METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED  
Year Ended March 31, 2021**

Unaudited

The following schedule compares the revenues and expenses for the current and previous fiscal year.

**TABLE 2  
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION**

		2020	2021
<b>Revenues</b>			
Tenant Revenue - rents		\$ 45,662	\$ 34,431
Operating subsidies and grants		237,501	301,110
Capital grants		-	-
Interest income/other revenues		26,209	26,522
	<b>TOTAL REVENUE</b>	<b>309,372</b>	<b>362,063</b>
<b>Expenses</b>			
Administration		65,267	94,910
Utilities		20,342	25,266
Insurance		6,691	4,226
Maintenance		43,570	28,507
General		-	-
Bad Debt		2,609	-
Housing assistance payments		166,495	170,478
Depreciation		67,071	68,451
	<b>TOTAL EXPENSES</b>	<b>372,045</b>	<b>391,838</b>
	<b>CHANGE IN NET POSITION</b>	<b>\$ (62,673)</b>	<b>\$ (29,775)</b>

**MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUE, EXPENSES AND CHANGE IN NET ASSETS:**

Total revenue increased due to operating subsidies and CARES funding. Total expenses increased due to additional CARES funding for management fees, additional office items needed to sanitize, and additional HAP needed to help tenants.

**BROWN METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED  
Year Ended March 31, 2021**

Unaudited

**TABLE 3  
CHANGE IN UNRESTRICTED NET POSITION**

<b>Unrestricted Net Position 3/31/2020</b>			<b>\$ 52,158</b>
<b>Results from operations</b>	<b>(36,003)</b>		
<b>Adjustments:</b>			
<b>Depreciation (1)</b>	<b>68,451</b>		
<b>Adjusted results from operations</b>			<b>32,448</b>
<b>Capital expenditures</b>			<b>(14,617)</b>
<b>Unrestricted Net Position 3/31/2021</b>			<b>\$ 69,989</b>

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

**BROWN METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED  
Year Ended March 31, 2021**

Unaudited

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**CAPITAL ASSETS**

As of year-end, the Authority had \$826,824 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of \$53,834 from the end of last fiscal year. See Note 5 for additional information

**TABLE 4  
CAPITAL ASSETS AT YEAR-END  
(NET OF DEPRECIATION)**

		<b>2020</b>		<b>2021</b>
<b>Land and land rights</b>		\$ 1,049		\$ 1,049
<b>Building</b>		2,058,954		2,073,571
<b>Equipment - dwellings</b>		25,303		25,303
<b>Accumulated depreciation</b>		(1,204,648)		(1,273,099)
	<b>TOTAL</b>	<b>\$ 880,658</b>		<b>\$ 826,824</b>

The following reconciliation summarizes the change in Capital Assets.

**TABLE 5  
CHANGE IN CAPITAL ASSETS**

<b>BEGINNING BALANCE</b>		<b>\$ 880,658</b>
<b>Capital asset additions</b>		<b>14,617</b>
<b>Depreciation</b>		<b>(68,451)</b>
	<b>ENDING BALANCE</b>	<b>\$ 826,824</b>

See Note 5 for additional information.

**DEBT ADMINISTRATION**

As of March 31, 2020, the Authority had no debt. There is no outstanding debt at March 31, 2021.

**BROWN METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED  
Year Ended March 31, 2021**

**Unaudited**

**ECONOMIC FACTORS**

Significant economic factors affecting the Authority are as follows:

- **COVID-19 spread through Ohio causing the State to close down. Some businesses closed completely down and then reopened with less staff. Our tenants were affected. The Authority had to pay a larger portion of the tenants' rents. Thankfully, we received CARES funding and was able to meet the needs of our tenants.**
- **When the halt on evictions was in effect, Public Housing tenant accounts receivable began to increase. We are working with our tenants to pay their back rent.**

**FINANCIAL CONTACT**

If you have any questions regarding this report, you may contact Samantha Patterson, Executive Director of the Brown Metropolitan Housing Authority at (937) 378-6041.

Respectfully submitted,

**Samantha Patterson  
Executive Director.**

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**BROWN METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF NET POSITION**  
**March 31, 2021**

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$	60,649.00
Cash and cash equivalents-restricted	\$	14,746.00
Accounts receivable-net of allowance	\$	10,571.00
<b>TOTAL CURRENT ASSETS</b>	<b>\$</b>	<b>85,966.00</b>

**Noncurrent Assets**

**Capital Assets**

Land	\$	1,049
Other capital assets-net	\$	825,775
<b>TOTAL NONCURRENT ASSETS</b>	<b>\$</b>	<b>826,824</b>

	\$	912,790.00
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**LIABILITIES**

**Current Liabilities**

Accounts payable	\$	1,231.00
Accounts payable - other government	\$	-
Tenant security deposits	\$	8,518.00
<b>TOTAL LIABILITIES</b>	<b>\$</b>	<b>9,749.00</b>

**NET POSITION**

Net investment in capital assets	\$	826,824
Restricted net position	\$	6,228
Unrestricted net position	\$	69,989
<b>TOTAL NET POSITION</b>	<b>\$</b>	<b>903,041</b>

*see accompanying notes to the basic financial statements*

**BROWN METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION**  
Year Ended March 31, 2021

**OPERATING REVENUES**

HUD operating grants	\$ 301,110.00
Tenant rental revenue	\$ 34,431.00
Other revenue	<u>\$ 26,522.00</u>
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 362,063.00</b>

**OPERATING EXPENSES**

Administrative	\$ 94,910.00
Utilities	\$ 25,266.00
Insurance	\$ 4,226.00
Maintenance	\$ 28,507.00
General	\$ -
Bad debt	\$ -
Housing assistance payments	\$ 170,478.00
Depreciation	<u>\$ 68,451.00</u>
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 391,838.00</b>

**NET OPERATING (LOSS)**      \$ (29,775.00)

**NET POSITION BEGINNING OF YEAR**

	<u>\$ 932,816.00</u>
<b>NET POSITION END OF YEAR</b>	<b><u><u>\$ 903,041.00</u></u></b>

*see accompanying notes to the basic financial statements*

**BROWN METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
Year Ended March 31, 2021

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Cash received from HUD	\$ 301,110.00
Cash received from tenants	\$ 34,431.00
Cash received from other revenue	\$ 26,522.00
Cash payments for housing assistance payments	\$ (170,478.00)
Cash payments for other operating expenses	<u>\$ (159,428.00)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 32,157.00</b>

**CASH FLOW FROM CAPITAL ACTIVITIES**

Capital grants received for capital assets	\$ -
Acquisition of capital assets	<u>\$ (14,617.00)</u>
<b>NET CASH (USED) BY CAPITAL ACTIVITIES</b>	<b>\$ (14,617.00)</b>

**CHANGE IN CASH AND CASH EQUIVALENTS**      \$ 17,540.00

**CASH AND CASH EQUIVALENTS, BEGINNING**      \$ 57,855.00

**CASH AND CASH EQUIVALENTS, ENDING**      \$ 75,395.00

**RECONCILIATION OF CHANGE IN NET POSITON TO NET CASH**

**PROVIDED BY OPERATING ACTIVITIES:**

Change in net position	\$ (29,775.00)
Adjustments to reconcile change in net position to net cash provided by operating activities	
Depreciation	\$ 68,451.00
(Increase) decrease in:	
Receivables- net of allowance	\$ (3,950.00)
Increase (decrease) in:	
Accounts payable	\$ (2,825.00)
Tenant security deposits	<u>\$ 256.00</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b><u><u>\$ 32,157.00</u></u></b>

*see accompanying notes to the basic financial statements*

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**BROWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
Year Ended March 31, 2021

**1. DESCRIPTION OF THE REPORTING ENTITY**

**Reporting Entity**

The Authority was created under the Ohio Revised Code, Section 3735.27 for the purpose of engaging in the development, acquisition and administrative activities of the low-income housing program and other programs with similar objectives. 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 financial statements of the Brown Metropolitan Housing Authority (the "Authority") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described in Note 2.

The accompanying basic financial statements comply with the provision of GASB Statement 14, the Financial Reporting Entity, 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 is obligated in some manner for the debt of the organizations.

Management believes the financial statements included in this report represent all of the funds of the Authority over which the Authority is financially accountable. The housing authority has no component units.

The following are the various programs which are included in the single enterprise fund:

**Project Total (Low-rent Public Housing & Capital Fund)** – Under the Projects Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy to enable the PHA to provide the housing at a rent that is based upon 30% of adjusted gross household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for the Authority's physical and management improvements. Funds are allocated by a formula allocation and based on size and age of the Authority's units.

**BROWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended March 31, 2021**

**1. DESCRIPTION OF THE REPORTING ENTITY - CONTINUED**

**Housing Choice Voucher Program** – Under the Housing Choice Voucher Program, the Authority subsidizes rents to 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 funding to enable the Authority to structure a lease that requires the participant to pay a rent based on a percentage of their adjusted gross household income, typically 30%, and the Housing Authority subsidizes the balance.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

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

**Fund Accounting**

The Authority uses the proprietary fund to report on its financial position and the results of its operations for its programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Funds are classified into three categories: governmental, proprietary and fiduciary. The Authority uses the proprietary category for its programs.

**Proprietary Fund Types**

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

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

**Measurement Focus/Basis of Accounting**

The Authority has prepared its financial statements in conformity with accounting principles generally accepted in the United States of America. The Authority follows the business-type activities reporting requirements of GASB Statement No. 34, *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments*. In accordance with GASB Statement No. 34, the accompanying basic financial statements are reported on an Authority-wide basis. GASB Statement No. 34 (as amended by GASB Statement No. 63) requires the following, which collectively make up the Authority’s basic financial statements: Statement of Net Position, Statement of Revenues, Expenses, and Change in Net Position, Statement of Cash Flows, and Notes to the Financial Statements.

**Accounting and Reporting for Nonexchange Transactions**

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

PHA grants and subsidies will be defined as government-mandated or voluntary non-exchange transactions.

**BROWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended March 31, 2021**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Accounting and Reporting for Nonexchange Transactions - Continued**

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

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

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

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

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

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents**

Cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less and include unrestricted cash of \$60,649 and restricted cash of \$14,746 for a total cash and cash equivalents of \$75,395. There were no amounts in excess of FDIC Insurance limits.

**Investments**

The provisions of the HUD Regulations restrict investments. Interest income earned in fiscal year ended March 31, 2021 for both programs totaled \$0.

**Receivables – Net of Allowance**

Bad debts are provided on the allowance method based on management’s evaluation of the collectability of outstanding tenant receivables at the end of the year. Management identified no receivables they believe to be uncollectible for the year ending March 31, 2021 due to COVID-19 and eviction halts.

**Capital Assets**

Capital assets are stated at cost. The capitalization policy of the Authority is to depreciate all non-expendable personal property having a useful life of more than one year and purchase price of \$1,000 or more per unit. Depreciation is calculated using the straight-line method over the estimated useful lives as follows:

Buildings and improvements	15 – 40 years
Furniture, fixtures and equipment	3 – 7 years
Vehicles	5 years

Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures

**BROWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended March 31, 2021**

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

determined to represent additions or betterments are capitalized.

**Due From/To Other Programs**

On the basic financial statements, receivables and payables resulting from the short-term inter-program loans classified as due to/due from other programs on the FDS are eliminated.

**Net Position**

Net position represents the difference between assets and liabilities. Net position invested in capital assets – net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is recorded as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The amounts reported as restricted net position at fiscal year-end represents the amounts restricted by HUD for future Housing Assistance Payments and amounts restricted as tenant security deposits. When an expense is incurred for purposes which both restricted and unrestricted net position is available, the Authority first applies restricted resources.

**Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activities of the proprietary fund. For the Authority, operating revenues are tenant rent charges, operating subsidy from HUD and other miscellaneous revenue.

Operating expenses are those expenses that are expended directly for the primary activities of the proprietary fund. For the Authority, these expenses are administrative, utilities, maintenance, insurance, depreciation, bad debt and housing assistance payments.

**Capital Grant**

This represents grants provided by HUD that the Authority spends on capital assets. The Authority did not utilize capital grants this grant year.

**Budgetary Accounting**

The Authority is required by contractual agreements to adopt annual, appropriated operating budgets for all its Enterprise Funds receiving federal expenditure awards. All budgets are prepared on a HUD basis, which is materially consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year end. The Board of Commissioners adopts the budget through passage of a budget resolution.

**3. DEPOSITS AND INVESTMENTS**

**Deposits**

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

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

Inactive deposits are public deposits 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 account including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies, which are not needed for



**BROWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended March 31, 2021**

**3. DEPOSITS AND INVESTMENTS - CONTINUED**

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

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

Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of March 31, 2021, the Authority was not exposed to custodial risk because all of the funds on deposit were covered by federal depository insurance or by collateral held by the Authority's agent. Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover the deposits. At fiscal year-end March 31, 2021, the carrying amount of the Authority's deposits totaled \$75,395 and its bank balance was \$84,671.

**Investments**

In accordance with the Ohio Revised Code and HUD investment policy, the Authority is permitted to invest in certificates of deposit, savings accounts, money market accounts, certain highly rated commercial paper, obligations of certain political subdivisions of Ohio and the United States government and its agencies, and repurchase agreements with any eligible depository or any eligible dealer. Public depositories must give security for all public funds on deposit. Repurchase agreement must be secured by the specific qualifying securities upon which the repurchase agreements are based.

The Authority is prohibited from investing in any financial instruments, contracts, or obligations whose value or return is based upon or linked to another asset or index, or both, separate from the financial investment, contract, or obligation itself (commonly known as a derivative). The Authority is also prohibited from investing in reverse purchase agreements.

*Interest Rate Risk* – The Authority does not have a formal investment policy that limits investments as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk* – HUD requires specific collateral on individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation. The Authority depository agreement specifically requires compliance with HUD requirements.

*Concentration of Credit Risk* - The Authority places no limit on the amount that may be invested with any one issuer.

At March 31, 2021, the Authority did not have any investments.

**4. INSURANCE AND RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters.

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

The authority continues to carry commercial insurance for other risks of loss. There has been no significant reduction in insurance coverage from the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**BROWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended March 31, 2021**

**5. CAPITAL ASSETS**

The following is a summary of capital assets:

				Balance 3/31/2020	Additions/ Disposals/ Corrections	Balance 3/31/2021
<b>CAPITAL ASSETS, NOT BEING DEPRECIATED</b>						
	Land			\$ 1,049	\$ -	\$ 1,049
<b>CAPITAL ASSETS, BEING DEPRECIATED</b>						
	Buildings and improvements			\$ 2,058,954	\$ 14,617	\$ 2,073,571
	Furniture and equipment			\$ 25,303	\$ -	\$ 25,303
	Totals at Historical Costs			\$ 2,084,257	\$ 14,617	\$ 2,098,874
	Accumulated depreciation			\$ (1,204,648)	\$ (68,451)	\$ (1,273,099)
		TOTAL CAPITAL ASSETS, NET, BEING DEPRECIATED		\$ 879,609	\$ (53,834)	\$ 825,775
		TOTAL NET CAPITAL ASSETS		\$ 880,658	\$ (53,834)	\$ 826,824
	Accumulated Depreciation by Class:					
	Building and improvements					\$ 1,247,796
	Furniture and equipment					\$ 25,303
	TOTAL ACCUMULATED DEPRECIATION					\$ 1,273,099

**6. FDS SCHEDULE SUBMITTED TO HUD**

For the fiscal year ended March 31, 2021, the Authority electronically submitted an unaudited version of the balance sheet, statement of revenues, expenses and change in net position and other data to HUD as required on the GAAP basis. The FDS schedules follow the footnotes. The schedules are presented in the manner prescribed by the Department of Housing and Urban Development.

**7. CONTRACT SERVICES**

The Authority contracts with:

- Adams Brown Counties Economic Opportunities Inc. to provide financial services for the housing authority. The Authority does not have any employees; instead, services are subcontracted from Adams Brown Counties Economic Opportunities Inc.
- Adams Brown Counties Economic Opportunities Inc. to provide management and financial reporting services. Compensation shall be based on the amount allowed by HUD for performing these services.

**8. CONTINGENT LIABILITIES**

Under the terms of Federal grants, periodic audits are required, and certain costs may be questioned as not being appropriate expenses under the terms of the grants. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenses which may be disallowed by the grantor cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

**BROWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended March 31, 2021**

**9. HAP AND ADMINISTRATIVE TRACKING ACCOUNTS**

The Authority is required to track its housing choice voucher program equity accounts in two tracking accounts as follows:

	Restricted		Total
	HAP	Administrative	
Balance 3/31/2020	\$ (2,559)	\$ 12,579	\$ 10,020
HAP received	\$ 154,861	\$ -	\$ 154,861
Administrative received	\$ -	\$ 28,278	\$ 28,278
HAP epenses	\$ (146,074)	\$ -	\$ (146,074)
Administrative expenses	\$ -	\$ (30,267)	\$ (30,267)
Other income	\$ -	\$ 2,072	\$ 2,072
Balance 3/31/2021	\$ 6,228	\$ 12,662	\$ 18,890

**10. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through October 20, 2021, the date the financial statements were available to be issued. Any subsequent events after that date have not been evaluated.

The Housing Authority's operations were affected by the recent and ongoing outbreak of the coronavirus disease (Covid-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption caused an adverse impact on the Housing Authority's financial position, operations and cash flows. The reduction of tenant's dwelling rent due to the increased unemployment, absenteeism in the Housing Authority's workforce, unavailability of products and supplies, and reduced accessibility to contractors was due to COVID-19.

Additional funding from the Cares Act legislation has been provided to the Low Rent Housing Program to aid in the preventing, preparing and responding to the COVID-19 virus. This funding, totaling \$10,137 for the Low Rent Housing Program, \$10,979 for the CARES supplemental administrative fees have been obligated to the Authority. The supplemental funding must be spent by December 31, 2021.

**11. RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS**

The financial statements were re-issued due to a correction of an error in previously issued financial statements. The financial statements and Financial Data Schedules (FDS) were corrected to reclassify \$6,228 from Cash and Cash Equivalents-Unrestricted to Cash and Cash Equivalents-Restricted.

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**BROWN METROPOLITAN HOUSING AUTHORITY**  
**FINANCIAL DATA SCHEDULE SUBMITTED TO HUD**  
**ENTITY WIDE - STATEMENT OF NET POSITION**  
**For the Year Ended March 31, 2021**

	<b>Project Total</b>	<b>14.871 Housing Choice Vouchers</b>	<b>14.PHC Public Housing CARES Act Funding</b>	<b>14.HCC HCV CARES Act Funding</b>	<b>Total</b>
111 Cash - Unrestricted	\$49,804	\$10,845			\$60,649
113 Cash - Other Restricted		\$6,228			\$6,228
114 Cash - Tenant Security Deposits	\$8,518				\$8,518
100 Total Cash	\$58,322	\$17,073	\$0	\$0	\$75,395
124 Accounts Receivable - Other Government		\$993			\$993
125 Accounts Receivable - Miscellaneous	\$1,171	\$824			\$1,995
126 Accounts Receivable - Tenants	\$7,352				\$7,352
127 Notes, Loans, & Mortgages Receivable - Current	\$2,388				\$2,388
128.1 Allowance for Doubtful Accounts - Fraud	-\$2,157				-\$2,157
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$8,754	\$1,817	\$0	\$0	\$10,571
150 Total Current Assets	\$67,076	\$18,890	\$0	\$0	\$85,966
161 Land	\$1,049				\$1,049
162 Buildings	\$2,073,571				\$2,073,571
163 Furniture, Equipment & Machinery - Dwellings	\$25,303				\$25,303
166 Accumulated Depreciation	-\$1,273,099				-\$1,273,099
160 Total Capital Assets, Net of Accumulated Depreciation	\$826,824	\$0	\$0	\$0	\$826,824
180 Total Non-Current Assets	\$826,824	\$0	\$0	\$0	\$826,824
200 Deferred Outflow of Resources					
290 Total Assets and Deferred Outflow of Resources	\$893,900	\$18,890	\$0	\$0	\$912,790
312 Accounts Payable <= 90 Days	\$1,231				\$1,231
341 Tenant Security Deposits	\$8,518				\$8,518
310 Total Current Liabilities	\$9,749	\$0	\$0	\$0	\$9,749
350 Total Non-Current Liabilities	\$0	\$0	\$0	\$0	\$0
300 Total Liabilities	\$9,749	\$0	\$0	\$0	\$9,749
508.4 Net Investment in Capital Assets	\$826,824				\$826,824
511.4 Restricted Net Position	\$0	\$6,228			\$6,228
512.4 Unrestricted Net Position	\$57,327	\$12,662	\$0	\$0	\$69,989
513 Total Equity - Net Assets / Position	\$884,151	\$18,890	\$0	\$0	\$903,041
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$893,900	\$18,890	\$0	\$0	\$912,790

**BROWN METROPOLITAN HOUSING AUTHORITY**  
**FINANCIAL DATA SCHEDULE SUBMITTED TO HUD**  
**ENTITY WIDE - STATEMENT OF REVENUES AND EXPENSES**  
**For the Year Ended March 31, 2021**

	Project Total	14.871 Housing Choice Vouchers	14.PHC Public Housing CARES Act Funding	14.HCC HCV CARES Act Funding	Total
70300 Net Tenant Rental Revenue	\$34,308				\$34,308
70400 Tenant Revenue - Other	\$123				\$123
70500 Total Tenant Revenue	\$34,431	\$0	\$0	\$0	\$34,431
70600 HUD PHA Operating Grants	\$96,855	\$183,139	\$10,137	\$10,979	\$301,110
71500 Other Revenue	\$46	\$26,476			\$26,522
70000 Total Revenue	\$131,332	\$209,615	\$10,137	\$10,979	\$362,063
91200 Auditing Fees	\$2,965	\$2,488			\$5,453
91300 Management Fee	\$35,000	\$21,799		\$10,979	\$67,778
91400 Advertising and Marketing	\$219				\$219
91600 Office Expenses	\$4,793		\$10,137		\$14,930
91900 Other	\$550	\$5,980			\$6,530
91000 Total Operating - Administrative	\$43,527	\$30,267	\$10,137	\$10,979	\$94,910
93100 Water	\$5,033				\$5,033
93600 Sewer	\$12,106				\$12,106
93800 Other Utilities Expense	\$8,127				\$8,127
93000 Total Utilities	\$25,266	\$0	\$0	\$0	\$25,266
94100 Ordinary Maintenance and Operations - Labor	\$4,978				\$4,978
94200 Ordinary Maintenance and Operations - Materials and Other	\$6,139				\$6,139
94300 Ordinary Maintenance and Operations Contracts	\$17,390				\$17,390
94000 Total Maintenance	\$28,507	\$0	\$0	\$0	\$28,507
96110 Property Insurance	\$4,226				\$4,226
96100 Total insurance Premiums	\$4,226	\$0	\$0	\$0	\$4,226
96900 Total Operating Expenses	\$101,526	\$30,267	\$10,137	\$10,979	\$152,909
97000 Excess of Operating Revenue over Operating Expenses	\$29,806	\$179,348	\$0	\$0	\$209,154
97300 Housing Assistance Payments		\$146,074			\$146,074
97350 HAP Portability-In		\$24,404			\$24,404
97400 Depreciation Expense	\$68,451				\$68,451
90000 Total Expenses	\$169,977	\$200,745	\$10,137	\$10,979	\$391,838
10010 Operating Transfer In	\$7,282				\$7,282
10020 Operating transfer Out	-\$7,282				-\$7,282
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$38,645	\$8,870	\$0	\$0	-\$29,775
11030 Beginning Equity	\$922,796	\$10,020	\$0	\$0	\$932,816
11170 Administrative Fee Equity		\$12,662			\$12,662
11180 Housing Assistance Payments Equity		\$6,228			\$6,228
11190 Unit Months Available	228	456			684
11210 Number of Unit Months Leased	228	448			676
11270 Excess Cash	\$48,867				\$48,867
11620 Building Purchases	\$14,816				\$14,816

# OHIO AUDITOR OF STATE KEITH FABER



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

Brown Metropolitan Housing Authority  
Brown County  
406 W. Plum St.  
Georgetown, Ohio 45121

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 Brown Metropolitan Housing Authority, Brown County, (the Authority) as of and for the year ended March 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated October 20, 2021, except for Note 11 to the financial statements describing the restatement of previously issued financial statements which is dated March 29, 2022. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Authority.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2021-001 to be a material weakness.

### ***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 financial statements. 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 report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

October 20, 2021, except for the restatement described in Note 11, which is dated March 29, 2022



**BROWN METROPOLITAN HOUSING AUTHORITY  
BROWN COUNTY**

**SCHEDULE OF FINDINGS  
MARCH 31, 2021**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2021-001**

**Material Weakness**

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; the responsibility includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

Due to deficiencies in the Authority's internal controls over financial reporting, the following conditions were noted related to the Authority's Statement of Cash Flows (the Statement):

- Cash payments for Other Operating Expenses were understated by \$5,437 in the Cash Flows From Operating Activities section of the Statement.
- Increase/Decrease in Receivables-Net of Allowance was overstated by \$7,899 in the Reconciliation of Change in Net Position to Net Cash Provided by Operating Activities section of the Statement.
- Increase/Decrease in Accounts payable was understated by \$2,462 in the Reconciliation of Change in Net Position to Net Cash Provided by Operating Activities section of the Statement.

The Authority did not have procedures in place for effective monitoring of the accuracy of financial reporting. It is important that the officials take an active role in monitoring the reporting of such activity. Failure to accurately monitor financial activity increases the risk that errors, theft, and fraud could occur and not be detected in a timely manner.

Due care should be exercised in financial statement preparation. The Authority officials should update control procedures for review of financial activity so that errors can be detected and corrected in a timely manner.

**Officials' Response:**

We did not receive a response from Officials to this finding.



# OHIO AUDITOR OF STATE KEITH FABER



**BROWN METROPOLITAN HOUSING AUTHORITY**

**BROWN COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 4/5/2022**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)