

**GENERAL PURPOSE
FINANCIAL STATEMENTS**

of the

Perry Metropolitan Housing Authority

for the

Year Ended December 31, 1999

**PERRY METROPOLITAN HOUSING AUTHORITY
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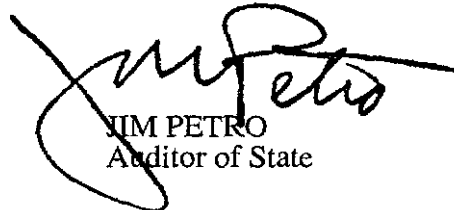
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Board of Directors
Perry Metropolitan Housing Authority

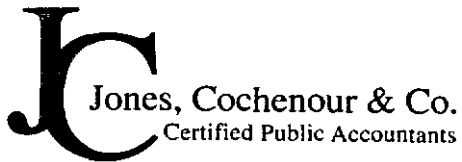
We have reviewed the Independent Auditor's Report of the Perry Metropolitan Housing Authority, Perry County, prepared by Jones, Cochenour & Co. for the audit period January 1, 1999 through December 31, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 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 Perry Metropolitan Housing Authority is responsible for compliance with these laws and regulations.



JIM PETRO
Auditor of State

June 27, 2000



INDEPENDENT AUDITORS' REPORT

Board of Directors
Perry Metropolitan Housing Authority
Crooksville, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited the accompanying general purpose financial statements of Perry Metropolitan Housing Authority, as of and for the year ended December 31, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the Perry Metropolitan Housing Authority's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Perry Metropolitan Housing Authority, as of December 31, 1999, and the results of its operations and the cash flows of its proprietary fund activities for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 20, 2000 on our consideration of Perry Metropolitan Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Perry Metropolitan Housing Authority. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government and Non-Profit Organizations* and is not a required part of the financial statements. The combining financial data schedule ("FDS") is presented for purposes of additional analysis as required by the Department of Housing and Urban Development and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Jones, Cochenour & Co.
May 20, 2000

Perry Metropolitan Housing Authority
 Combined Balance Sheet
 Proprietary Fund Type
 Enterprise Fund
 December 31, 1999

ASSETS

Cash and cash equivalents	\$	521,610
Investments		78,000
Receivables - net of allowance		10,532
Due from other funds		20,487
Inventories - net of allowance		2,400
Deferred charges and other assets		2,811
Fixed assets - net of accumulated depreciation		<u>4,279,542</u>
TOTAL ASSETS		\$ <u>4,915,382</u>

LIABILITIES, RETAINED EARNINGS AND OTHER CREDITS

Accounts payable	\$	24,778
Due to other funds		20,487
Intergovernmental payable		130,420
Accrued wages/payroll taxes		5,438
Accrued compensated absences		9,030
Tenant security deposits		21,002
Deferred credits and other liabilities		<u>95,726</u>
TOTAL LIABILITIES		306,881

RETAINED EARNINGS AND OTHER CREDITS

Contributed capital		4,266,256
Retained earnings		<u>342,245</u>
TOTAL RETAINED EARNINGS AND OTHER CREDITS		<u>4,608,501</u>

TOTAL LIABILITIES, RETAINED EARNINGS AND OTHER CREDITS	\$	<u>4,915,382</u>
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See accompanying notes to the general purpose financial statements

Perry Metropolitan Housing Authority
Combined Statement of Revenues, Expenses and Changes in
Retained Earnings
Proprietary Fund Type
Enterprise Fund
Year Ended December 31, 1999

OPERATING REVENUE		
Tenant revenue	\$	245,934
Program operating grants/subsidies		1,137,457
Other income		<u>3,078</u>
	TOTAL OPERATING REVENUE	1,386,469
OPERATING EXPENSES		
Administrative		278,895
Tenant services		867
Utilities		87,411
Maintenance		103,631
General		29,676
Bad debts		10,933
Housing assistance payments		789,663
Depreciation		<u>229,997</u>
	TOTAL OPERATING EXPENSES	<u>1,531,073</u>
	NET OPERATING LOSS	(144,604)
NON-OPERATING REVENUE		
Interest income		<u>10,389</u>
	NET LOSS	(134,215)
	RETAINED EARNINGS AND OTHER CREDITS, BEGINNING, AS RESTATED	4,631,532
	EQUITY TRANSFERS	(1,888)
	COMPREHENSIVE GRANT PROGRAM CONTRIBUTED CAPITAL	<u>113,072</u>
	RETAINED EARNINGS AND OTHER CREDITS, ENDING	<u>\$ 4,608,501</u>

See accompanying notes to the general purpose financial statements

Perry Metropolitan Housing Authority
 Combined Statement of Cash Flows
 Proprietary Fund Type
 Enterprise Fund
 Year Ended December 31, 1999

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from HUD	\$ 1,267,877
Cash received from tenants	274,682
Cash payments for housing assistance payments	(789,663)
Cash payments for administrative	(258,765)
Cash payments for other operating expenses	(232,518)
Cash payments to HUD and other governments	<u>(43,920)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	217,693
 CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment income	<u>12,994</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 230,687
 CASH AND CASH EQUIVALENTS, BEGINNING	 <u>290,923</u>
 CASH AND CASH EQUIVALENTS, ENDING	 <u><u>\$ 521,610</u></u>
 RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Net operating loss	\$ (144,604)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	229,997
(Increase) decrease in:	
Receivables - net of allowance	23,471
Due from other funds	(14,843)
Deferred charges and other assets	(224)
Increase (decrease) in:	
Accounts payable	15,651
Due to other funds	14,843
Intergovernmental payable	86,500
Accrued wages/payroll taxes and compensated absences	4,703
Tenant security deposits	<u>2,199</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u><u>\$ 217,693</u></u>

See accompanying notes to the general purpose financial statements

Perry Metropolitan Housing Authority
Notes to the General Purpose Financial Statements
December 31, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

The financial statements of the Perry Metropolitan Housing Authority (the "Authority") have been prepared in conformity with generally accepted accounting principles (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 below.

Reporting Entity

The Perry Metropolitan Housing 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 general purpose financial statements comply with the provision of Governmental Accounting Standards Board (GASB) Statement 14, the Financial Reporting Entity, in that the financial statements include all organizations, activities and functions for which the Authority is financial 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.

Fund Accounting

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

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

Perry Metropolitan Housing Authority
Notes to the General Purpose Financial Statements
December 31, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

Investments

Investments are restricted by the provisions of the HUD Regulations (See Note 3). Investments are valued at market value. Interest income earned in fiscal year 1999 totaled \$12,994. The interest income earned on the general fund investments is required to be returned to HUD and this amount was \$2,605 for the year ended December 31, 1999.

Fixed Assets

Fixed assets are stated at cost and depreciation is computed using the straight line method over an estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized.

Cash and Cash Equivalents

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

Compensated Absences

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

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

In the proprietary fund, the compensated absences are expensed when earned with the amount reported as a fund liability.

Inventories

Inventories are stated at cost. The allowance for obsolete inventory was \$100 at December 31, 1999.

Perry Metropolitan Housing Authority
Notes to the General Purpose Financial Statements
December 31, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Capital Contributions

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

Budgetary Accounting

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

Estimates

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

2. RECONCILIATION FROM GAAP BASIS TO HUD BASIS

The following table summarizes the adjustments necessary to reconcile the GAAP basis financial statements to the HUD basis year end reports filed with HUD:

	<u>Public Hsg</u>	<u>Development</u>	<u>Voucher</u>	<u>Certificate</u>
GAAP Basis Income (Loss)	\$ (88,971)	\$ (73,630)	\$ 3,269	\$ 10,970
Increase (Decrease):				
Depreciation expense	145,336	73,630	-	272
Adjustment for compensated absences	(1,317)	-	198	290
Interest on FFB Loans	(49,591)	-	-	-
Fraud recovery receivable	-	-	30	(2,357)
HUD adjustments	-	-	7,434	15,086
Loss on equipment previously written off	(20,584)	-	-	-
Accrued interest adjustment	4	-	-	-
Allowance adjustments	61	-	-	-
Soft costs written off	-	1,188	-	-
Grant funds received from HUD	-	(1,188)	-	-
Bad debts adjustment	-	-	30	3,472
HUD BASIS RESIDUAL RECEIPTS (DEFICIT) FOR YEAR END REPORTS	<u>\$ (15,062)</u>	<u>\$ -</u>	<u>\$ 10,961</u>	<u>\$ 27,733</u>

	<u>New Constr</u>	<u>CIAP</u>	<u>Total</u>
GAAP Basis Income (Loss)	\$ 21,828	\$ (7,681)	\$ (134,215)
Increase (Decrease):			
Depreciation expense	3,078	7,681	229,997
Adjustment for compensated absences	94	-	(735)
Interest on FFB Loans	-	-	(49,591)
Fraud recovery receivable	-	-	(2,327)
HUD adjustments	1,100	-	23,620
Loss on equipment previously written off	-	-	(20,584)
Accrued interest adjustment	-	-	4
Allowance adjustments	-	-	61
Soft costs written off	-	20,329	21,517
Grant funds received from HUD	(29,050)	(20,329)	(50,567)
Bad debts adjustment	-	-	3,502
HUD BASIS RESIDUAL RECEIPTS (DEFICIT) FOR YEAR END REPORTS	<u>\$ (2,950)</u>	<u>\$ -</u>	<u>\$ 20,682</u>

Perry Metropolitan Housing Authority
Notes to the General Purpose Financial Statements
December 31, 1999

3. CASH AND INVESTMENTS

HUD Handbook 7475.1 Chapter 4, Section 1 authorizes the PHA to make investments in:

Direct Obligations of the Federal Government;
Obligations of Federal Government Agencies;
Securities of Government-Sponsored Agencies; and
Demand and Savings Deposits and Certificates of Deposit.

Deposits: The carrying amount of Perry Metropolitan Housing Authority's deposits, totaled \$599,610. The corresponding bank balances totaled \$627,251. The Authority had investments of certificates of deposits that exceeded three months in the amount of \$78,000 at December 31, 1999.

The amount of \$178,867 was covered by federal depository insurance in two banks and the remaining \$448,385 was covered by collateralization held by the banks for the Authority's deposits as required by HUD.

4. NOTE TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

The accompanying schedule of federal awards expenditures is a summary of the activity of the Authority's federal award programs. The schedule has been prepared on the cash basis of accounting.

5. 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. During fiscal year 1999 the Authority contracted with Dennis Insurance for fire and extended coverage and vehicle liability. The fire and extended coverage is \$1,000 for any one occurrence. The vehicle deductible is \$100.

Settled claims have not exceeded this coverage in any of the last three years. There has been no significant reduction in coverage from last year.

6. FIXED ASSETS

The following is a summary:

Land	\$ 229,579
Buildings	4,922,048
Furniture and equipment - dwellings	190,411
Furniture and equipment - administrative	151,928
Leasehold improvements	<u>1,624,216</u>
	7,118,182
Accumulated depreciation	<u>(2,838,640)</u>
NET FIXED ASSETS	<u>\$ 4,279,542</u>

Perry Metropolitan Housing Authority
Notes to the General Purpose Financial Statements
December 31, 1999

The following is a summary of changes:

	Balance December 31, 1998	Additions	Deletions	Balance December 31, 1999
Land	\$ 229,579	\$ -	\$ -	\$ 229,579
Buildings	4,833,785	88,263	-	4,922,048
Furniture and equipment - dwellings	190,411	-	-	190,411
Furniture and equipment - administrative	117,869	34,059	-	151,928
Leasehold improvements	<u>1,604,416</u>	<u>19,800</u>	-	<u>1,624,216</u>
TOTAL FIXED ASSETS	\$ <u>6,976,060</u>	\$ <u>142,122</u>	\$ -	\$ <u>7,118,182</u>

The depreciation expense for the year ended December 31, 1999 was \$229,997.

7. CHANGES IN FINANCIAL STATEMENT PREPARATION AND BASIS OF ACCOUNTING

For the year ended December 31, 1999, the Authority has presented for the first time general purpose financial statements by fund type. In conjunction with this presentation, the Authority has changed its basis of accounting from the HUD basis to the accrual basis for proprietary funds, including the valuation of fixed assets. These changes include recognition of revenue when earned for proprietary funds and expenditures/expenses when incurred. Fixed assets were valued at historical cost. Retained earnings as of December 31, 1998 have been restated for these changes to conform to generally accepted accounting principles (GAAP).

These restatements had the following effect on retained earnings and other credits:

Fund Type	Balance Prior to Change December 31, 1998	Adjustments to Reflect Decrease Due to Changes in Basis of Accounting	Restated Balance December 31, 1998
Proprietary Fund Type:			
Enterprise Fund	\$ 9,374,811	\$ (4,743,279)	\$ 4,631,532

8. DEFINED BENEFIT PENSION PLANS - PUBLIC EMPLOYEES RETIREMENT SYSTEM

All employees participate in the Public Employees Retirement System of Ohio (PERS), a cost sharing multiple employer public employee retirement system administered by the Public Employee Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employee Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the Authority is required to contribute 9.35 percent. Contributions are authorized by State statute. The contribution rates are determined actuarially. The Authority's required contributions to PERS for the years ended December 31, 1999, 1998 and 1997 were \$29,827, \$29,895, and \$29,602, respectively. The full amount has been contributed for 1998 and 1997. 86 percent has been contributed for 1999, with the remainder being reported as a liability within the enterprise fund.

Perry Metropolitan Housing Authority
Notes to the General Purpose Financial Statements
December 31, 1999

9. POSTEMPLOYMENT BENEFITS – PUBLIC EMPLOYEES RETIREMENT SYSTEM

The Public Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 1999 employer contribution rate was 13.55 percent of covered payroll; 4.2 percent was the portion that was used to fund health care. For 1998, the percent used to fund health care was also 4.2 percent.

Benefits were funded on a pay-as-you-go basis. OPEB are financed through employer contributions and investment earnings. The contributions allocated to retiree health care and Medicare, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely. During 1999, OPEB expenditures made by PERS were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641. At December 31, 1999, the total number of benefit recipients eligible for OPEB through PERS was 118,062. The Authority's actual contributions for 1999 which were used to fund OPEB were \$13,422.

During 1997, PERS adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998, employer contributions, equaled 4.2 percent of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health coverage.

Perry Metropolitan Housing Authority
Combining Balance Sheet
FDS Schedule Submitted to HUD
Proprietary Fund Type
Enterprise Fund
December 31, 1999

FDS Line Item No.	Account Description	14.850A Low Rent Pub Hsg	14.850B Developmnt	14.855 Sect. 8 Rent VO Prgrm	14.857 Sect. 8 Rent CE Prgrm	14.182 Sect. 8 Rent New Const.	14.852 CIAP Program	Total
ASSETS								
111	Cash - unrestricted	\$ 174,945	\$ -	\$ 199,110	\$ 97,145	\$ 30,006	\$ -	\$ 501,206
112	Cash - restricted modernization & devel.	-	16,261	-	-	-	-	16,261
113	Cash - other restrictions	-	-	1,934	2,209	-	-	4,143
100	TOTAL CASH	<u>174,945</u>	<u>16,261</u>	<u>201,044</u>	<u>99,354</u>	<u>30,006</u>	<u>-</u>	<u>521,610</u>
126	A/R tenants - dwelling rents	5,218	-	-	-	-	-	5,218
126.1	Allowance for doubtful acctis	(693)	-	-	-	-	-	(693)
128	Fraud recovery	-	-	1,664	9,483	-	-	11,147
128.1	Fraud recovery - allowance	-	-	(1,000)	(5,194)	-	-	(6,194)
129	Accrued interest receivable	1,054	-	-	-	-	-	1,054
120	TOTAL ACCOUNTS RECEIVABLE	<u>5,579</u>	<u>-</u>	<u>664</u>	<u>4,289</u>	<u>-</u>	<u>-</u>	<u>10,532</u>
131	Investments - unrestricted	78,000	-	-	-	-	-	78,000
142	Prepaid expenses & other assets	2,811	-	-	-	-	-	2,811
143	Inventories	2,500	-	-	-	-	-	2,500
143.1	Allowance for obsolete inventory	(100)	-	-	-	-	-	(100)
144	Interprogram due from	7,692	-	-	-	-	12,795	20,487
150	TOTAL CURRENT ASSETS	<u>271,427</u>	<u>16,261</u>	<u>201,708</u>	<u>103,643</u>	<u>30,006</u>	<u>12,795</u>	<u>635,840</u>
161	Land	157,684	71,895	-	-	-	-	229,579
162	Buildings	3,648,745	1,260,801	-	-	12,502	-	4,922,048
163	Furniture and equipment - dwellings	7,311	-	-	-	-	183,100	190,411
164	Furniture and equipment - administrative	110,175	-	-	7,695	16,548	17,510	151,928
165	Leasehold improvements	1,187,676	416,740	-	-	-	19,800	1,624,216
166	Accumulated depreciation	(2,637,736)	(184,074)	-	(4,120)	(3,078)	(9,632)	(2,838,640)
160	TOTAL FIXED ASSETS, NET	<u>2,473,855</u>	<u>1,565,362</u>	<u>-</u>	<u>3,575</u>	<u>25,972</u>	<u>210,778</u>	<u>4,279,542</u>
180	TOTAL NON-CURRENT ASSETS	<u>2,473,855</u>	<u>1,565,362</u>	<u>-</u>	<u>3,575</u>	<u>25,972</u>	<u>210,778</u>	<u>4,279,542</u>
190	TOTAL ASSETS	<u>\$ 2,745,282</u>	<u>\$ 1,581,623</u>	<u>\$ 201,708</u>	<u>\$ 107,218</u>	<u>\$ 55,978</u>	<u>\$ 223,573</u>	<u>\$ 4,915,382</u>

Perry Metropolitan Housing Authority
 Combining Balance Sheet
 FDS Schedule Submitted to HUD
 Proprietary Fund Type
 Enterprise Fund
 December 31, 1999

FDS Line Item No.	Account Description	14.850A Low Rent Pub Hsg	14.850B Development	14.855 Sect. 8 Rent VO Prgm	14.857 Sect. 8 Rent CE Prgm	14.182 Sect. 8 Rent New Const.	14.852 CIAP Program	Total
LIABILITIES								
312	Accounts payable < =90 days	\$ 11,431	\$ -	\$ 202	\$ -	\$ 350	\$ 12,795	\$ 24,778
321	Accrued wages/payroll taxes	5,438	-	-	-	-	-	5,438
322	Accrued compensated absences	5,524	-	1,192	1,753	561	-	9,030
331	Accounts payable - HUD PHA Programs	-	-	64,991	49,430	1,098	-	115,519
333	Accounts payable - other govt.	14,901	-	-	-	-	-	14,901
341	Tenant security deposits	21,002	-	-	-	-	-	21,002
342	Deferred revenues	1,960	-	20,730	38,915	29,979	-	91,584
345	Other current liabilities	-	-	1,934	2,208	-	-	4,142
347	Interprogram due to	12,795	-	2,601	4,122	969	-	20,487
310	TOTAL CURRENT LIABILITIES	<u>73,051</u>	<u>-</u>	<u>91,650</u>	<u>96,428</u>	<u>32,957</u>	<u>12,795</u>	<u>306,881</u>
300	TOTAL LIABILITIES	73,051	-	91,650	96,428	32,957	12,795	306,881
504	Net PHA HUD contributions	2,473,855	1,581,623	-	-	-	210,778	4,266,256
508	TOTAL CONTRIBUTED CAPITAL	<u>2,473,855</u>	<u>1,581,623</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>210,778</u>	<u>4,266,256</u>
512	Retained Earnings	198,376	-	110,058	10,790	23,021	-	342,245
513	TOTAL EQUITY	<u>2,672,231</u>	<u>1,581,623</u>	<u>110,058</u>	<u>10,790</u>	<u>23,021</u>	<u>210,778</u>	<u>4,608,501</u>
600	TOTAL LIABILITIES AND EQUITY	<u>\$ 2,745,282</u>	<u>\$ 1,581,623</u>	<u>\$ 201,708</u>	<u>\$ 107,218</u>	<u>\$ 55,978</u>	<u>\$ 223,573</u>	<u>\$ 4,915,382</u>

Perry Metropolitan Housing Authority
 Combining Statement of Revenues, Expenses and Changes in Retained Earnings
 FDS Schedule Submitted to HUD
 Proprietary Fund Type
 Enterprise Fund
 Year Ended December 31, 1999

FDS Line Item No.	Account Description	14.850A Low Rent Pub Hsg	14.850B Development	14.855 Sect. 8 Rent VO Prgm	14.857 Sect. 8 Rent CE Prgm	14.182 Sect. 8 Rent New Const.	14.852 CIAP Program	Total
REVENUE								
703	Net tenant rental revenue	\$ 236,430	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 236,430
704	Tenant revenue - other	9,504	-	-	-	-	-	9,504
705	TOTAL TENANT REVENUE	<u>245,934</u>	-	-	-	-	-	<u>245,934</u>
706	HUD PHA grants	201,018	1,188	211,138	409,970	263,566	20,329	1,107,209
711	Investment income - unrestricted	8,125	-	330	850	1,084	-	10,389
714	Fraud recovery	-	-	-	3,065	-	-	3,065
715	Other revenue	-	-	-	-	30,248	-	30,248
716	Gain/Loss on sale of fixed assets	13	-	-	-	-	-	13
700	TOTAL REVENUE	<u>455,090</u>	<u>1,188</u>	<u>211,468</u>	<u>413,885</u>	<u>294,898</u>	<u>20,329</u>	<u>1,396,858</u>
EXPENSES								
911	Administrative salaries	97,559	-	15,288	27,827	8,228	-	148,902
912	Auditing fees	4,886	-	1,384	2,768	894	-	9,932
914	Compensated absences	20,385	-	2,745	4,037	1,292	-	28,459
915	Employee benefit contributions - admin	25,424	-	2,880	4,978	1,946	-	35,228
916	Other operating - administrative	26,813	1,188	3,915	3,475	3,839	17,144	56,374
924	Tenant services - other	867	-	-	-	-	-	867
931	Water	33,057	-	-	-	-	-	33,057
932	Electricity	27,832	-	-	-	-	-	27,832
933	Gas	1,555	-	-	-	-	-	1,555
938	Other utilities expense	24,967	-	-	-	-	-	24,967
941	Ordinary maint and operations labor	46,001	-	-	-	-	-	46,001
942	Ordinary maint and operations materials	22,480	-	-	-	1,198	2,384	26,062
943	Ordinary maint and operations cont cost	18,803	-	-	-	-	801	19,604
945	Employee benefit contrib. - ord maint.	11,964	-	-	-	-	-	11,964

Perry Metropolitan Housing Authority
 Combining Statement of Revenues, Expenses and Changes in Retained Earnings
 FDS Schedule Submitted to HUD

Proprietary Fund Type
 Enterprise Fund

Year Ended December 31, 1999

FDS Line Item No.	Account Description	14.850A Low Rent Pub Hsg	14.850B Developmnt	14.855 Sect. 8 Rent VO Prgm	14.857 Sect. 8 Rent CE Prgm	14.182 Sect. 8 Rent New Const.	14.852 CIAP Program	Total
EXPENSES - CONTINUED								
961	Insurance premiums	13,799	-	312	487	176	-	14,774
963	PILOT	14,902	-	-	-	-	-	14,902
964	Bad debts - tenant rents	7,431	-	30	3,472	-	-	10,933
969	TOTAL OPERATING EXPENSES	<u>398,725</u>	<u>1,188</u>	<u>26,554</u>	<u>47,044</u>	<u>17,573</u>	<u>20,329</u>	<u>511,413</u>
970	Excess operating revenues over expenses	56,365	-	184,914	366,841	277,325	-	885,445
OTHER EXPENSES								
973	Housing assistance payments	-	-	181,645	355,599	252,419	-	789,663
974	Depreciation expense	145,336	73,630	-	272	3,078	7,681	229,997
900	TOTAL EXPENSES*	<u>544,061</u>	<u>74,818</u>	<u>208,199</u>	<u>402,915</u>	<u>273,070</u>	<u>28,010</u>	<u>1,531,073</u>
1000	EXCESS OF REVENUE OVER EXPENSES**	(88,971)	(73,630)	3,269	10,970	21,828	(7,681)	(134,215)
1101	Capital Contributions	-	-	-	-	-	113,072	113,072
1103	Beginning Equity, as restated	2,761,202	1,655,253	106,992	1,505	1,193	105,387	4,631,532
1104	Prior Period Adjustment	-	-	(203)	(1,685)	-	-	(1,888)
ENDING EQUITY		<u>\$ 2,672,231</u>	<u>\$ 1,581,623</u>	<u>\$ 110,058</u>	<u>\$ 10,790</u>	<u>\$ 23,021</u>	<u>\$ 210,778</u>	<u>\$ 4,608,501</u>

* - Lines 969 + 973 + 974 = Line 900

** - Lines 970 - 973 - 974 = Line 1000

Perry Metropolitan Housing Authority
 Additional FDS Schedule Information
 FDS Schedule Submitted to HUD
 Proprietary Fund Type
 Enterprise Fund
 Year Ended December 31, 1999

FDS Line Item No.	Account Description	14.850A Low Rent Pub Hsg	14.850B Development	14.855 Sect. 8 Rent VO Prgrm	14.857 Sect. 8 Rent CE Prgrm	14.182 Sect. 8 Rent New Const.	14.852 CIAP Program	Total
1101	Capital Outlays Enterprise Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 113,072	\$ 113,072
1103	Beginning equity	2,761,202	1,655,255	106,992	1,505	1,193	105,387	4,631,532
1104	Prior period adj and equity transfers	-	-	(203)	(1,685)	-	-	(1,888)
1112	Depreciation add back	145,336	73,630	-	272	3,078	7,681	229,997
1113	Maximum annual contributions	-	-	274,359	175,590	275,785	-	725,734
1115	Contingency reserve	-	-	121,510	143,950	65,809	-	331,269
1116	Total annual contributions available	-	-	395,869	319,540	341,594	-	1,057,003
1120	Unit months available	1,176	228	672	1,572	600	-	4,248
1121	Number of unit months leased	1,141	221	672	1,402	570	-	4,006

Perry Metropolitan Housing Authority
 Crooksville, Ohio
 Schedule of Federal Awards Expenditures
 Year Ended December 31, 1999

	<u>FEDERAL CFDA NUMBER</u>	<u>FUNDS EXPENDED</u>
<u>FROM U.S. DEPARTMENT OF HUD</u>		
<u>DIRECT PROGRAMS</u>		
Annual Contribution Contract C-524		
PHA Owned Housing:		
Public and Indian Housing	14.850A	\$ 201,018
Public and Indian Housing	14,850B	1,188
Public and Indian Housing Comprehensive Improvement Assistance Program	14.852	<u>133,401</u>
		335,607
Annual Contribution Contract C-5100		
Housing Assistance Payments:		
Annual Contribution -		
Lower Income Housing Assistance Program	14.857	403,290
Section 8 Rental Voucher Program	14.855	<u>180,013</u>
Total Section 8 Tenant Based		583,303
Section 8 New Construction Program - Project Based	14.182	<u>263,526</u>
Total - All Programs		<u>\$ 1,182,436</u>



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

**Board of Directors
Perry Metropolitan Housing Authority
Chillicothe, Ohio**

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

We have audited the general purpose financial statements of Perry Metropolitan Housing Authority as of and for the year ended December 31, 1999, and have issued our report thereon dated May 20, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Perry Metropolitan Housing Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Perry Metropolitan Housing Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Perry Metropolitan Housing Authority in a separate letter dated May 20, 2000.

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


Jones, Cochenour & Co.
May 20, 2000



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

**Board of Directors
Perry Metropolitan Housing Authority
Chillicothe, Ohio**

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

Compliance

We have audited the compliance of Perry Metropolitan Housing Authority with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133* that are applicable to each of its major federal programs for the year ended December 31, 1999. Perry Metropolitan Housing Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Perry Metropolitan Housing Authority's management. Our responsibility is to express an opinion on Perry Metropolitan Housing Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Perry Metropolitan Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Perry Metropolitan Housing Authority's compliance with those requirements.

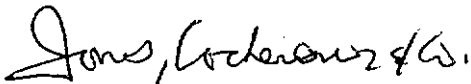
In our opinion, Perry Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 1999. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 1999-3103-001 and 1999-3103-002.

Internal Control Over Compliance

The management of Perry Metropolitan Housing Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Perry Metropolitan Housing Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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



Jones, Cochenour & Co.
May 20, 2000

Schedule of Findings and Questioned Costs
OMB Circular A-133 § .505

Perry Metropolitan Housing Authority
December 31, 1999

1. SUMMARY OF AUDITORS' RESULTS
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Type of Financial Statement Opinion	Unqualified
Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
Were there any material internal control weakness conditions reported for major federal programs?	No
Were there any other reportable internal control weakness conditions reported for major federal programs?	No
Type of Major Programs' Compliance Opinion	Unqualified
Are there any reportable findings under § .510?	Yes
Major Programs (list):	Tenant Based Cluster CFDA #14.855 & 14.857
Dollar Threshold: Type A/B Programs	Type A: \$300,000 Type B: All others
Low Risk Auditee?	Yes

Schedule of Findings and Questioned Costs
OMB Circular A-133 § .505 - Continued

Perry Metropolitan Housing Authority
December 31, 1999

2. FINDINGS RELATED TO FINANCIAL STATEMENTS
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There are no findings or questioned costs for the year ended December 31, 1999.

3. FINDINGS RELATED TO FEDERAL AWARDS
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Finding Number	1999-3103-001
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Section CFR 982.404 states that for units under contract that fail to meet the HQS, the PHA must require the owner to correct any cited life threatening HQS deficiencies within 24 hours of the inspection and all other HQS deficiencies within 30 calendar days or other within a specified PHA approved extension. During our testing it was noted that there were passed reinspections that did not occur within 30 days of the initial inspection and there was not any documentation that an approved extension was obtained. We recommend that the PHA attach approved extensions to the inspection forms in the future for deficiencies that cannot be corrected within 30 days.

Finding Number	1999-3103-002
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Section CFR 985.101 requires the PHA administering Section 8 tenant-based assistance program to submit an annual SEMAP certification. The performance indicators numbers 2, 3, 5 and 6 requires internal sampling to occur. The PHA did not perform any sampling during 1999. We recommend that a sampling procedure be developed by the PHA and documentation obtained for future auditors to review.

Perry Metropolitan Housing Authority
Corrective Action Plan

December 31, 1999

Finding Number	Corrective Action	Responsible Person
1999-3103-001	Perry Metropolitan Housing Authority has devised and immediately implemented a form entitled "Section 8 Inspection - Approved Extension for Housing Quality Standard Compliance." This form will be sent to the owner and a copy retained in the applicable tenant file. This will enable the PHA to have written documentation when an extension is granted, the deadline of the extension, the reason(s) for granting the extension and will also note the actual HQS findings.	Carole Sowards Executive Director
1999-3103-002	Perry Metropolitan Housing Authority misinterpreted the required HA Response on the SEMAP Certification. Although the requirements of indicators 2, 3, 5 and 6 are, in fact, routinely performed and included in the Administrative Policy, the PHA apparently failed to have quality control sampling of each indicator. The PHA has prepared forms, logs, etc. whereby the files reviewed for quality control requirements under SEMAP can be readily identified.	Carol Sowards Executive Director



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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PERRY METROPOLITAN HOUSING AUTHORITY

PERRY 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.

By: *Susan Babbitt*

Date: JULY 18, 2000