

Pickaway Metropolitan Housing Authority

Pickaway County, Ohio

Single Audit

January 1, 2007 through December 31, 2007

Year Audited Under GAGAS: 2007

**BALESTRA, HARR & SCHERER CPAs, INC.**

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Mary Taylor, CPA  
Auditor of State

Board of Commissioners  
Pickaway Metropolitan Housing Authority  
176 Rustic Drive  
Circleville, Ohio 43113

We have reviewed the *Independent Auditor's Report* of the Pickaway Metropolitan Housing Authority, Pickaway County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2007 through December 31, 2007. 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 Pickaway Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

July 1, 2008

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**Pickaway Metropolitan Housing Authority**  
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*For the Year Ended December 31, 2007*

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# BALESTRA, HARR & SCHERER CPAs, INC.

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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

## Independent Auditor's Report

Board of Commissions  
Pickaway Metropolitan Housing Authority  
Circleville, Ohio 43113

We have audited the basic financial statements of the business-type activities of the Pickaway Metropolitan Housing Authority (the Authority), Pickaway County, Ohio, as of and for the year ended December 31, 2007, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Authority, as of December 31, 2007, and the changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

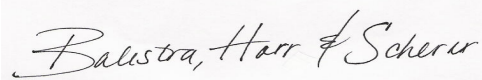
In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2008, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 8 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Board of Commissioners  
Pickaway Metropolitan Housing Authority  
Independent Auditor's Report

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplemental financial data is presented for additional analysis as required by the U.S. Department of Housing and Urban Development and is not a required part of the basic financial statements. Such information has been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying schedule of federal awards expenditures is presented for the purpose of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic 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 stated, in all material respects, in relation to the basic financial statements taken as a whole.



Balestra, Harr & Scherer, CPAs, Inc.  
May 30, 2008



## PICKAWAY METROPOLITAN HOUSING AUTHORITY

*Management's Discussion and Analysis  
Year Ended December 31, 2007*

It is a privilege to present for you the financial picture of Pickaway Metropolitan Housing Authority. The Pickaway 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 financial statements.

### FINANCIAL HIGHLIGHTS

- The revenue increased by \$533,405 (or 14.4%) during 2007, and was \$4,231,616 and \$3,698,211 for 2007 and 2006, respectively.
- The total expenses decreased by \$93,281 (or 2.3%). Total expenses were \$3,926,344 and \$4,019,625 for 2007 and 2006, respectively.

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

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

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

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

Unrestricted Net Assets: This component of Net Assets consists of Net Assets that do not meet the definition of "Net Assets Invested in Capital Assets, Net of Related Debt", or "Restricted Net Assets".

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

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

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

**PICKAWAY METROPOLITAN HOUSING AUTHORITY**

*Management's Discussion and Analysis*

*Year Ended December 31, 2007*

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

Low Rent Public Housing Program – Under the Conventional Public Housing 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.

Capital Fund Program (CFP) – This is the current 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.

Rural Rent Housing Loans (Williamsport Terrace (WT)) – This is a multiple family housing project funded by the United States Department of Agriculture. Each month subsidy is paid to the authority and the USDA deducts the mortgage payment from that subsidy. The rental assistance part of the subsidy is reflected as federal expenditures for this program.

Other Business Activities – This is the miscellaneous activities of the authority that currently include management consulting for another housing authority and housing activities outside the scope of the conventional and housing choice voucher programs. Houses were developed and sold with attached second and third mortgages of which the authority tracks the activities. The proceeds from the sales are retained in this account to be used at the discretion of the housing authority. Management contracts for non-profit elderly projects.

Section 8 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.

Home Investment Partnership Program – Under this 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 a one-time grant passed through Pickaway County. Tenant screenings and determinations are consistent with those procedures used with the Section 8 program.

**PICKAWAY METROPOLITAN HOUSING AUTHORITY**

*Management's Discussion and Analysis*

*Year Ended December 31, 2007*

**BASIC FINANCIAL STATEMENTS**

**STATEMENT OF NET ASSETS**

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

TABLE 1

	<u>2007</u>	<u>2006</u>
<b>Current and other assets</b>	\$ 1,353,432	\$ 1,093,419
<b>Capital assets</b>	<u>5,608,542</u>	<u>5,646,645</u>
<b>TOTAL ASSETS</b>	<u>6,961,974</u>	<u>6,740,064</u>
<b>Current liabilities</b>	129,791	212,030
<b>Long-term liabilities</b>	<u>579,257</u>	<u>580,380</u>
<b>TOTAL LIABILITIES</b>	<u>709,048</u>	<u>792,410</u>
<b>Net assets:</b>		
<b>Invested in capital assets, net of related debt</b>	5,082,540	5,024,123
<b>Unrestricted</b>	<u>1,170,386</u>	<u>923,531</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 6,252,926</u>	<u>\$ 5,947,654</u>

**MAJOR FACTORS AFFECTING THE STATEMENT OF NET ASSETS**

Current assets, capital assets and net assets do not reflect any significant changes in comparing the two years.

The change increase in net assets for 2007 as compared to 2006 is the result of the following factors:

Net assets did increase between 2006 and 2007 and can primarily be attributed to three factors. Pickaway Metropolitan Housing Authority did receive additional HAP funding in the last six months of the year but were unable to expend all of the monies by year end, and a house was purchased by the agency for the purpose of future homeownership sale. Capital Fund income was significantly higher because of a major renovation project that combined two Capital Fund allocations, with all of the program money drawn in 2007.

**PICKAWAY METROPOLITAN HOUSING AUTHORITY**

*Management's Discussion and Analysis*

*Year Ended December 31, 2007*

TABLE 2  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

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

	<u>2007</u>	<u>2006</u>
<b>Revenues</b>		
Tenant revenue - rents and other	\$ 223,030	\$ 215,536
Operating subsidies and grants	3,645,753	3,342,856
Capital grants	317,977	93,730
Investment income/other revenues	50,248	47,511
<b>TOTAL REVENUE</b>	<u><b>4,237,008</b></u>	<u><b>3,699,633</b></u>
<b>Expenses</b>		
Administration	567,997	576,488
Tenant services	2,091	-
Utilities	100,627	96,871
Maintenance	216,854	232,893
Protective services	1,107	-
General	54,982	41,461
Housing assistance payment	2,604,951	2,670,450
Depreciation	371,463	368,718
Interest expense	11,664	11,930
Bad debt/fraud losses	-	22,236
<b>TOTAL EXPENSES</b>	<u><b>3,931,736</b></u>	<u><b>4,021,047</b></u>
<b>NET INCREASE (DECREASE)</b>	<u><b>\$ 305,272</b></u>	<u><b>\$ (321,414)</b></u>

Major Factors Affecting the Statement of Revenue, Expenses and Changes In Net Assets

There were several major factors that resulted in increased revenue and reduced expenses in 2007 as compared to 2006.

Revenues: Total revenue increased due to implementation of Capital Fund projects spanning two funding cycles, mid-year receipt of additional HAP funding, and increases in tenant rents, especially in Other Business Activity program where previous properties that were listed for sale were placed back into a rental program due to poor housing sale market in area.

Expenses: Expenses in 2007 decreased approximately 2% and the decrease is primarily attributable to conservative spending in light of uncertain funding levels.

Maintenance expense decreased 7% in 2007 due to an increase in capital fund activity that included renovations such as floor and cabinetry replacement at tenant move out.

**PICKAWAY METROPOLITAN HOUSING AUTHORITY**

*Management's Discussion and Analysis*

*Year Ended December 31, 2007*

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**CAPITAL ASSETS**

As of year end, the Authority had \$5,608,542 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (addition, deletions and depreciation) of \$38,103 from the end of last year.

TABLE 3  
CAPITAL ASSETS AT YEAR-END  
(NET OF DEPRECIATION)

	<u>2007</u>	<u>2006</u>	<u>Change</u>
<b>Land and land rights</b>	\$ 684,414	\$ 684,414	\$ -
<b>Buildings</b>	9,575,312	9,254,855	320,457
<b>Equipment - administrative</b>	239,812	228,104	11,708
<b>Equipment - dwellings</b>	107,030	120,195	(13,165)
<b>Leasehold improvments</b>	57,495	57,495	-
<b>Accumulated depreciation</b>	<u>(5,055,521)</u>	<u>(4,698,418)</u>	<u>(357,103)</u>
<b>TOTAL</b>	<u>\$ 5,608,542</u>	<u>\$ 5,646,645</u>	<u>\$ (38,103)</u>

The following reconciliation summarizes the change in Capital Assets. See Note 3 of the notes to the basic financial statements for more information on capital assets.

TABLE 4  
CHANGE IN CAPITAL ASSETS

<b>BEGINNING BALANCE</b>	\$ 5,646,645
<b>Additions</b>	333,360
<b>Deletions</b>	(14,360)
<b>Deletion depreciation</b>	14,360
<b>Depreciation</b>	<u>(371,463)</u>
<b>ENDING BALANCE</b>	<u>\$ 5,608,542</u>

**This year's major additions are:**

<b>Capital improvements (CFP) completed on variety of the Authority's Public Housing complexes</b>	\$ 317,977
<b>Equipment, vehicles, houses and other capital assets purchased by operations</b>	<u>15,383</u>
<b>TOTAL ADDITIONS</b>	<u>\$ 333,360</u>

**DEBT ADMINISTRATION**

The Authority's debt is listed as current and long-term debt on the statement of net assets and is a loan in the Rural Rent Housing Loans Program (Williamsport Terrace project) a FHA project. See Note 10 of the notes to the basic financial statements for more information on long term debt.

## **PICKAWAY METROPOLITAN HOUSING AUTHORITY**

*Management's Discussion and Analysis  
Year Ended December 31, 2007*

### **ECONOMIC FACTORS**

Significant economic factors affecting the Authority are as follows:

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

### **IN CONCLUSION**

Pickaway Metropolitan Housing Authority takes great pride in its financial management and is pleased to report on consistent and sound financial condition of the Authority.

### **FINANCIAL CONTACT**

If you have any questions regarding this report, you may contact Kim Hartinger, Executive Director of the Pickaway Metropolitan Housing Authority at (740) 477-2514.

**Pickaway Metropolitan Housing Authority**  
*Statement of Net Assets*  
*As of December 31, 2007*

<b>ASSETS</b>	
Current Assets	
Cash and cash equivalents	\$ 595,125
Investments - unrestricted	257,245
Receivables, net of allowance	62,784
Inventories, net	7,466
Prepaid expenses and other assets	<u>26,184</u>
Total current assets	948,804
Noncurrent assets	
Cash and cash equivalents - restricted	207,507
Investments - restricted	197,121
Nondepreciable capital assets	684,414
Depreciable capital assets, net of accumulated depreciation	<u>4,924,128</u>
Total noncurrent assets	<u>6,013,170</u>
<b>TOTAL ASSETS</b>	<b>6,961,974</b>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	26,032
Accrued liabilities	71,820
Intergovernmental payables	8,190
Tenant security deposits	19,877
Deferred revenue	1,272
Long-term debt - current portion	<u>2,600</u>
Total current liabilities	129,791
Noncurrent liabilities	
Long-term debt	523,402
Noncurrent liabilities - other	22,662
Compensated absences	<u>33,193</u>
Total noncurrent liabilities	<u>579,257</u>
<b>TOTAL LIABILITIES</b>	<b><u>709,048</u></b>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	5,082,540
Unrestricted	<u>1,170,386</u>
<b>TOTAL NET ASSETS</b>	<b><u><u>\$ 6,252,926</u></u></b>

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

**Pickaway Metropolitan Housing Authority**  
*Statement of Revenues, Expenses and Changes in Net Assets*  
For the Year Ended December 31, 2007

<b>OPERATING REVENUES</b>	
Tenant revenue	\$ 216,271
Government operating grants	3,645,753
Other revenues	<u>6,759</u>
<b>TOTAL OPERATING REVENUES</b>	<b>3,868,783</b>
<b>OPERATING EXPENSES</b>	
Administrative	567,997
Tenant services	2,091
Utilities	100,627
Maintenance	216,854
Protective services	1,107
General	54,982
Housing assistance payments	2,604,951
Depreciation expense	<u>371,463</u>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>3,920,072</u></b>
<b>OPERATING LOSS</b>	<b>(51,289)</b>
<b>NON-OPERATING REVENUES/(EXPENSES)</b>	
Capital grants	317,977
Investment income	50,248
Interest expense	<u>(11,664)</u>
<b>TOTAL NON-OPERATING REVENUES/(EXPENSES)</b>	<b><u>356,561</u></b>
<b>CHANGE IN NET ASSETS</b>	<b>305,272</b>
<b>NET ASSETS BEGINNING OF YEAR</b>	<b><u>5,947,654</u></b>
<b>NET ASSETS END OF YEAR</b>	<b><u><u>\$ 6,252,926</u></u></b>

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



**Pickaway Metropolitan Housing Authority**  
*Statement of Cash Flows*  
For the Year Ended December 31, 2007

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from tenants	\$ 209,067
Cash received from HUD and other governments	3,633,363
Cash received from other operating sources	2,425
Cash payments for housing assistance payments	(2,604,951)
Cash payments for administrative and operating expenses	<u>(928,694)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>311,210</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Principal payments	(96,520)
Capital grants	317,977
Interest expense	(11,664)
Acquisition of capital assets	<u>(315,666)</u>
<b>NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(105,873)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest income	54,853
Purchase of investments	<u>(108,783)</u>
<b>NET CASH USED FOR INVESTING ACTIVITIES</b>	<b>(53,930)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>151,407</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u><b>651,225</b></u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u><u><b>\$ 802,632</b></u></u>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating loss	\$ (51,289)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation	371,463
(Increase) decrease in:	
Receivables, net of allowance	(23,304)
Prepaid expenses and other assets	(2,139)
Inventories, net of allowance	1,515
Increase (decrease) in:	
Accounts payable	11,001
Accounts payable - HUD/other governments	(746)
Tenant security deposits	3,402
Accrued wages and payroll taxes	3,391
Accrued compensated absences	7,497
Deferred revenues	<u>(9,581)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u><u><b>\$ 311,210</b></u></u>

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

**Pickaway Metropolitan Housing Authority**  
*Notes to the Basic Financial Statements*  
Year Ended December 31, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Pickaway Metropolitan Housing Authority (PMHA or Authority) was created under the Ohio Revised Code Section 3735.27 to engage in the acquisition, development, leasing, and administration of low-rent housing program. An Annual Contributions Contract (ACC) was signed by the Pickaway Metropolitan Housing Authority and the United States Housing Act of 1937 (42 U.S.C. 1437) Section 1.1. The Authority was also created in accordance with state law to eliminate housing conditions which are detrimental to the public peace, health, safety, morals, or welfare by purchasing, acquiring, constructing, maintaining, operating, improving, extending, and repairing housing facilities.

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 is the “primary government.” A fundamental characteristic of a primary government is that it is fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability are the ability of the primary government to impose its will upon the potential component unit. These criteria were considered in determining the reporting entity.

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 Financial Accounting Standards Board 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 and chooses not to follow FASB guidance after this date.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred. All transactions are accounted for as proprietary fund type in a single enterprise fund.

Use of Estimates

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

Cash and cash equivalents

The Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Tenant Receivables – Recognition of Bad Debts

Bad debts are provided on the allowance method based on management’s evaluation of the collectability of outstanding tenant receivable balances at the end of the year. The allowance for bad debts for tenant related receivables was \$3,155 at December 31, 2007.

Due From/To Other Programs

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

	Other Business Activities	Section 8 Housing Choice Vouchers	Low Rent Public Housing	Rural Rental Housing Loans	Total
Due From	\$ -	\$ 45,276	\$ -	\$ -	\$ 45,276
Due To	\$ (452)	\$ -	\$ (32,004)	\$ (12,820)	\$ (45,276)

**Pickaway Metropolitan Housing Authority**  
*Notes to the Basic Financial Statements*  
*Year Ended December 31, 2007*

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Property and Equipment

Property and equipment is recorded at cost. Costs that materially add to the productive capacity or extend the life of an asset are capitalized while maintenance and repair costs are expensed as incurred.

Useful Lives:	Buildings	27.5 – 40 years
	Buildings and Leasehold Improvements	15
	Furniture and Equipment	3-7

Depreciation is recorded on the straight-line method.

Investments

Investments are stated at fair value. Non-negotiable certificates of deposit and money market investments are stated at cost. Cost-based measurers of fair value were applied to non-negotiable certificates of deposit and money market investments.

Restricted Cash and Investments

Restricted cash represents amounts received for the home ownership program and tenant security deposits. Restricted investments represent amounts held to be used for future purchases of homes to be rehabbed and sold to low-income or first-time home buyers.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Board of Commissioners or through external restrictions imposed by creditors, grantors, or laws, or regulations of other governments.

Inventories

Inventories are stated at cost. The allowance for obsolete inventory was \$830 at December 31, 2007.

2. CASH AND INVESTMENTS

Cash

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

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

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

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

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

**Pickaway Metropolitan Housing Authority**  
*Notes to the Basic Financial Statements*  
Year Ended December 31, 2007

2. CASH AND INVESTMENTS – CONTINUED

The Authority’s deposits are categorized to give an indication of the level of risk assumed by the entity at year end. Category 1 includes deposits that are insured or collateralized with securities held by the Authority or its safekeeping agent in the Authority’s name. Category 2 includes uninsured deposits collateralized with securities held by the pledging financial institution’s trust department or safekeeping agent in the Authority’s name. Category 3 includes uninsured and uncollateralized with securities held by the pledging institution, or by its trust department or safekeeping agent, but not in the Authority’s name.

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Authority’s deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pool at Federal Reserve Banks, or at member banks of the Federal Reserve System, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

At December 31, 2007, the carrying amount of all Authority deposits was \$1,256,998. As of December 31, 2007, \$472,449 of the Authority’s bank balance of \$1,306,214 was covered by Federal Deposit Insurance and the remaining amount was collateralized with eligible securities in the manner described above.

Book balances at December 31, 2007 were as follows:

	Cash	Investments	Total
Low Rent Public Housing	\$ 116,032	\$ 347,121	\$ 463,153
Section 8 Housing Choice Vouchers	613,759	107,245	721,004
Rural Rental Housing Loans	31,646	-	31,646
Other Business Activities	41,195	-	41,195
TOTAL	\$ 802,632	\$ 454,366	\$ 1,256,998

Investments

HUD, State Statute and Board Resolutions authorize the Authority to invest in obligations of U.S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository fund, super NOW accounts, sweep accounts, separate trading of registered interest and principal of securities, mutual funds, bonds and other obligations of this State, and the State Treasurer’s investment pool. Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless also prohibited. An investment must mature within five years from the date that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by the certificate, upon receipt of confirmation of transfer from the custodian.

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

The Authority’s non-negotiable certificates of deposit are classified as investments on the statement of net assets but are considered as deposits for GASB Statement No. 3 purposes. Therefore, the categories described above do not apply.

**Pickaway Metropolitan Housing Authority**  
*Notes to the Basic Financial Statements*  
Year Ended December 31, 2007

3. CAPITAL ASSETS

A summary of capital assets at December 31, 2007, by class is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>CAPITAL ASSETS, NOT BEING DEPRECIATED</b>				
Land	\$684,414	\$0	\$0	\$684,414
Construction in Progress	0	0	0	0
<b>Total</b>	<b>684,414</b>	<b>0</b>	<b>0</b>	<b>684,414</b>
<b>CAPITAL ASSETS, BEING DEPRECIATED</b>				
Buildings and improvements	9,254,855	320,457	0	9,575,312
Furniture and equipment - dwelling	120,195	0	(14,360)	105,835
Furniture and equipment - administrative	228,104	12,903	0	241,007
Leasehold improvements	57,495	0	0	57,495
<b>Total</b>	<b>9,660,649</b>	<b>333,360</b>	<b>(14,360)</b>	<b>9,979,649</b>
<b>ACCUMULATED DEPRECIATION</b>				
Land improvements	(2,509)	(104)	0	(2,613)
Buildings and improvements	(4,375,668)	(345,922)	0	(4,721,590)
Furniture and equipment - dwelling	(89,386)	(4,694)		(94,080)
Furniture and equipment - administrative	(210,016)	(16,172)	14,360	(211,828)
Leasehold improvements	(20,839)	(4,571)	0	(25,410)
<b>Total</b>	<b>(4,698,418)</b>	<b>(371,463)</b>	<b>14,360</b>	<b>(5,055,521)</b>
<b>TOTAL CAPITAL ASSETS, NET</b>	<b>\$5,646,645</b>	<b>(\$38,103)</b>	<b>\$0</b>	<b>\$5,608,542</b>

5. ADMINISTRATIVE FEE

The Authority receives an “administrative fee” as part of the annual contribution from HUD to cover the costs (including overhead) of administering the Section 8 Housing Assistance Payments (HAP) Programs. The fee is a percentage of a HUD determined base rate for each unit per month under HAP contracts.

6. DEFINED BENEFIT PENSION PLANS – PUBLIC EMPLOYEES RETIREMENT SYSTEM

All full-time employees of Authority participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple employer public employee retirement system administered by the Public Employees Retirement Board. OPERS provide basic retirement, disability and survivor benefits, based on the eligible service credit to members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. OPERS issue a publicly available financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-PERS.

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:

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

**Pickaway Metropolitan Housing Authority**  
*Notes to the Basic Financial Statements*  
*Year Ended December 31, 2007*

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

Plan members are required to contribute 9.0% for the period July 1, 2006 through December 31, 2006 and 9.5% from January 1, 2007 forward, of their annual covered salary to fund pension obligations. The 2006 employer contribution rate for the Authority was 13.7% for the period July 1, 2006 through December 31, 2006 and 13.85% from January 1, 2007 forward. The contribution rates are determined actuarially. The Authority's contribution for the years ended December 31, 2007, 2006, and 2005 amounted to \$83,369, \$80,525, and \$99,666. These costs have been charged to the employee fringe benefit account. All required contributions have been made through December 31, 2007.

7. POSTEMPLOYMENT BENEFITS – PUBLIC EMPLOYEES RETIREMENT SYSTEM

The Public Employees Retirement System of Ohio (OPERS) provides post-employment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. The health care coverage provided by the OPERS is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the OPERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund post-employment health care through their contributions to the OPERS. The portion of employer contributions, for all employers allocated to health care was 5.00% from January 1 through June 30, 2007 and 6.00% from July 1 through December 31, 2007. The significant actuarial assumptions and calculations relating to post-employment health care benefits were based on the OPERS' latest actuarial review performed December 31, 2006.

An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25 percent of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2006 was 6.5 percent. An annual increase of 4.0 percent compounded annually is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over an above the 4.0 percent base increase, were assumed to range from 0.50 percent to 6.3 percent. Health care costs were assumed to increase at a project wage inflation rate plus an additional factor ranging from 0.5 percent to 5 percent for the next 8 year. In subsequent years (9 years and beyond), health care costs were assumed to increase at 4 percent (the projected wage inflation rate).

OPEBs are advanced-funded on an actuarially determined basis. The amount of the Authority's contributions that were used to fund post-employment benefits was approximately \$30,096 for 2007. The number of active contributing participants was 362,130. The actuarial value of the OPERS' net assets available for OPEB at December 31, 2006 was \$12 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$30.7 billion and \$18.7 billion, respectively.

OPERS Retirement Board Implemented its Health Care Preservation Plan (HCPP). HCPP was adopted on September 9, 2004, and is effective on January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

8. COMPENSATED ABSENCES

Vacation and sick leave policies are established by the Board of Commissioners based on local and state laws. All permanent employees will earn 4.0 hours sick leave per 80 hours of service. Unused sick leave may be accumulated without limit. All permanent employees will earn vacation hours accumulated based on length of service. All vacation time accumulated will be paid upon separation.

At December 31, 2007, based on the vesting method \$81,688 was accrued by the Authority for unused vacation and sick time.

9. INSURANCE

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

**Pickaway Metropolitan Housing Authority**  
**Notes to the Basic Financial Statements - continued**  
**Year Ended December 31, 2007**

10. LONG-TERM DEBT

The Authority manages a multiple family housing project funded by the Department of Agriculture under their rural housing service. The following is a summary of activity occurring during 2007:

	Beginning Balance	Additions	Deletions	Ending Balance	Due in One Year
Mortgage					
Issued May 10, 1985					
Interest Rate 11.875%	\$528,393	\$0	\$2,391	\$526,002	\$2,600

Annual payments required vary: based on a calculation performed on a monthly basis; using the standard loan payment amount, overages on tenant accounts and the rental assistance requested.

During the year the Authority paid off the \$94,129 loan balance to The Citizens Bank of Ashville. The loan was to purchase 266 Meadow Drive. The loan was entered into on November 8, 2006, for \$94,129 at an interest rate of 7.494% and maturity date of March 23, 2007. The following is a summary of the activity occurring during 2007:

	Beginning Balance	Additions	Deletions	Ending Balance	Due in One Year
Loan					
Issued March 12, 2004					
Interest Rate 5.450%	\$94,129	\$0	\$94,129	\$0	\$0

11. ACCRUED LIABILITIES

The following is the detail of accrued liabilities at December 31, 2007:

Accrued payroll and payroll taxes	\$ 22,364
Accrued compensated absences – current	48,495
Other accrued liabilities	961
Total Accrued Liabilities	\$ 71,820

12. RECEIVABLES, NET OF ALLOWANCE

The following is the detail of receivables, net of allowance, at December 31, 2007:

Account receivable – HUD other projects	\$ 12,390
Accounts receivable – miscellaneous	22,382
Accounts receivable – dwelling rents	15,056
Allowance for doubtful accounts – other	(3,884)
Fraud recovery	9,441
Allowance for doubtful accounts - fraud	(980)
Accrued interest receivable	8,379
Total Receivables, net of allowance	\$ 62,784

13. OFFICE OF INSPECTOR GENERAL AUDIT

The Office of Inspector General (OIG) audited the Pickaway Metropolitan Housing Authority's activities with its related nonprofit organization. The Authority was selected because of the high-risk indicators of nonprofit development activities. It was determined by OIG that the Authority improperly loaned nearly \$256,000 in 5(h) Homeownership Plan sales proceeds to its nonprofit. The loans were not approved by HUD. HUD outlined recommendations and the Authority followed up with a response letter. During 2007 the Authority reached an agreement and transferred the non-profit development activity back to Low Rent Public Housing Program.

**Pickaway Metropolitan Housing Authority**  
*Schedule of Federal Awards Expenditures*  
For the Year Ended December 31, 2007

Federal Grantor/ Program Title	Federal CFDA Number	Disbursements
<b>U.S. Department of Housing and Urban Development:</b>		
<i>Direct:</i>		
Public and Indian Housing	14.850a	\$ 269,155
Section 8 Housing Choice Vouchers	14.871	3,281,777
Public Housing Capital Fund	14.872	<u>361,819</u>
Total Direct		3,912,751
<i>Passed through Pickaway County:</i>		
HOME Investment Partnerships Program	14.239	<u>34,264</u>
<b>Total U.S. Department of Housing and Urban Development</b>		3,947,015
<b>U.S. Department of Agriculture:</b>		
<i>Direct:</i>		
Rural Rental Housing Loans	10.415	<u>16,715</u>
<b>Total U.S. Department of Agriculture</b>		<u>16,715</u>
Total Federal Financial Assistance		<u><u>\$ 3,963,730</u></u>

See the notes to the schedule of federal awards expenditures.



**Pickaway Metropolitan Housing Authority**  
*Notes to the Schedule of Federal Awards Expenditures*  
*For the Year Ended December 31, 2007*

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 accrual basis of accounting.

**Pickaway Metropolitan Housing Authority**  
*Statement of Net Assets by Program*  
*FDS Schedule Submitted to HUD*  
*As of December 31, 2007*

FDS Line Item Number	Account Description	Other Business Activities	Rural Rent Housing Loans	Home Investment Partnerships Program
<b>ASSETS</b>				
111	Cash - unrestricted	\$ 35,683	\$ 11,536	\$ -
113	Cash - other restricted	-	-	-
114	Cash - tenant security deposits	2,250	2,420	-
115	Cash - restricted for payment of current liabilities	3,262	17,690	-
100	TOTAL CASH	41,195	31,646	-
122	Accounts receivable - HUD other projects	-	-	-
125	Accounts receivable - miscellaneous	-	-	-
126	Accounts receivable tenants - dwelling rents	-	3,924	-
126.2	Allowance for doubtful accounts - other	-	-	-
128	Fraud recovery	-	-	-
128.1	Allowance for doubtful accounts - fraud	-	-	-
129	Accrued interest receivable	-	-	-
120	TOTAL RECEIVABLES, NET	-	3,924	-
131	Investments - unrestricted	-	-	-
135	Investments - restricted for payment of current liabilities	-	-	-
142	Prepaid expenses and other assets	759	1,233	-
143	Inventories	-	-	-
143.1	Allowance for obsolete inventory	-	-	-
144	Interprogram due from	-	-	-
150	TOTAL CURRENT ASSETS	759	1,233	-
161	Land	105,320	18,940	-
162	Buildings	291,387	549,594	-
163	Furniture and equipment - dwellings	-	1,021	-
164	Furniture and equipment - admin	-	387	-
165	Leasehold improvements	-	-	-
166	Accumulated depreciation	(30,419)	(293,920)	-
160	TOTAL CAPITAL ASSETS, NET	366,288	276,022	-
190	TOTAL ASSETS	408,242	312,825	-
<b>LIABILITIES</b>				
312	Accounts payable <=90 days	10	1,275	-
321	Accrued wages/payroll taxes	-	-	-
322	Accrued compensated absences	-	-	-
333	Accounts payable - other government	-	-	-
341	Tenant security deposits	2,250	2,420	-
342	Deferred revenue	550	34	-
343	Notes payable, current portion	-	2,600	-
346	Accrued liabilities - other	-	961	-
347	Interprogram due to	452	12,820	-
310	TOTAL CURRENT LIABILITIES	3,262	20,110	-
351	Long-term debt	-	523,402	-
354	Long-term compensated absences	-	-	-
353	Other long-term liabilities	-	-	-
350	TOTAL NON-CURRENT LIABILITIES	-	523,402	-
300	TOTAL LIABILITIES	3,262	543,512	-
508.1	Invested in capital assets, net of related debt	366,288	(249,980)	-
512.1	Unrestricted net assets	38,692	19,293	-
513	TOTAL NET ASSETS	404,980	(230,687)	-
600	TOTAL LIABILITIES AND NET ASSETS	\$ 408,242	\$ 312,825	\$ -

Low Rent Public Housing Program	Section 8 Housing Choice Vouchers	Public Housing Capital Fund	Interprogram Eliminations	Total
\$ -	\$ 547,906	\$ -	\$ -	\$ 595,125
23,962	26,820	-	-	50,782
15,483	-	-	-	20,153
76,587	39,033	-	-	136,572
<u>116,032</u>	<u>613,759</u>	<u>-</u>	<u>-</u>	<u>802,632</u>
-	-	12,390	-	12,390
4,851	17,531	-	-	22,382
11,132	-	-	-	15,056
(3,155)	(729)	-	-	(3,884)
-	9,441	-	-	9,441
-	(980)	-	-	(980)
7,713	666	-	-	8,379
<u>20,541</u>	<u>25,929</u>	<u>12,390</u>	<u>-</u>	<u>62,784</u>
150,000	107,245	-	-	257,245
197,121	-	-	-	197,121
16,528	7,664	-	-	26,184
6,553	1,743	-	-	8,296
(655)	(175)	-	-	(830)
-	45,276	-	(45,276)	-
<u>369,547</u>	<u>161,753</u>	<u>-</u>	<u>(45,276)</u>	<u>488,016</u>
560,154	-	-	-	684,414
8,402,692	-	331,639	-	9,575,312
100,949	-	5,060	-	107,030
138,231	101,194	-	-	239,812
57,495	-	-	-	57,495
(4,640,062)	(83,509)	(7,611)	-	(5,055,521)
<u>4,619,459</u>	<u>17,685</u>	<u>329,088</u>	<u>-</u>	<u>5,608,542</u>
5,125,579	819,126	341,478	(45,276)	6,961,974
9,858	2,499	12,390	-	26,032
5,929	16,435	-	-	22,364
28,396	20,099	-	-	48,495
8,190	-	-	-	8,190
15,207	-	-	-	19,877
688	-	-	-	1,272
-	-	-	-	2,600
-	-	-	-	961
32,004	-	-	(45,276)	-
<u>100,272</u>	<u>39,033</u>	<u>12,390</u>	<u>(45,276)</u>	<u>129,791</u>
-	-	-	-	523,402
18,358	14,835	-	-	33,193
-	22,662	-	-	22,662
<u>18,358</u>	<u>37,497</u>	<u>-</u>	<u>-</u>	<u>579,257</u>
118,630	76,530	12,390	(45,276)	709,048
4,619,459	17,685	329,088	-	5,082,540
387,490	724,911	-	-	1,170,386
<u>5,006,949</u>	<u>742,596</u>	<u>329,088</u>	<u>-</u>	<u>6,252,926</u>
<u>\$ 5,125,579</u>	<u>\$ 819,126</u>	<u>\$ 341,478</u>	<u>\$ (45,276)</u>	<u>\$ 6,961,974</u>

**Pickaway Metropolitan Housing Authority**  
*Statement of Revenues, Expenses and Changes in Net Assets by Program*  
*FDS Schedule Submitted to HUD*  
*For the Year Ended December 31, 2007*

FDS Line Item No.	Account Description	Other Business Activities	Rural Rent Housing Loans	Home Investment Partnerships Program
REVENUE				
703	Net tenant rental revenue	\$ 14,700	\$ 27,540	\$ -
704	Tenant revenue - other	-	1,848	-
705	TOTAL TENANT REVENUE	14,700	29,388	-
706	HUD PHA operating grants	-	-	-
706.1	Capital grants	-	-	-
708	Other government grants	-	16,715	34,264
711	Investment income - unrestricted	-	1,516	-
714	Fraud recovery	-	-	-
720	Investment income - restricted	3,217	-	-
700	TOTAL REVENUE	17,917	47,619	34,264
EXPENSES				
911	Administrative salaries	3,285	-	-
912	Auditing fees	-	-	-
913	Management fees	-	5,694	-
914	Compensated absences	-	-	-
915	Employee benefit contributions - admin	-	-	-
916	Other operating - administrative	2,199	4,036	34,264
924	Tenant services - other	-	-	-
931	Water	226	8,877	-
932	Electricity	281	1,556	-
933	Gas	1,009	1,494	-
938	Other utilities	-	999	-
941	Ordinary maintenance/operation - labor	2,144	-	-
942	Ordinary maintenance/operation - materials and other	6,831	658	-
943	Ordinary maintenance/operation - contract costs	686	15,674	-
945	Employee benefit contributions - ordinary maintenance	-	-	-
952	Protective services - other contract costs	-	-	-
961	Insurance premiums	-	-	-
962	Other general expenses	762	1,238	-
963	Payments in lieu of taxes	2,854	-	-
964	Bad debts - tenant rents	-	3,315	-
967	Interest expense	-	11,664	-
969	TOTAL OPERATING EXPENSES	20,277	55,205	34,264
970	EXCESS OPERATING REVENUE OVER/(UNDER) OPERATING EXPENSES	(2,360)	(7,586)	-
973	Housing assistance payments	-	-	-
974	Depreciation expense	9,256	14,673	-
900	TOTAL EXPENSES	29,533	69,878	34,264
1001	Operating transfers in	-	-	-
1002	Operating transfers out	-	-	-
1010	Total other financing sources/(uses)	-	-	-
1000	EXCESS OF REVENUE OVER/(UNDER) EXPENSES	(11,616)	(22,259)	-
1103	Beginning equity	738,228	(208,428)	-
1104	Prior period adjustments, equity transfers & corrections of errors	(321,632)	-	-
	NET ASSETS, END OF YEAR	\$ 404,980	\$ (230,687)	\$ -

Low Rent Public Housing Program	Section 8 Housing Choice Vouchers	Public Housing Capital Fund	Interprogram Eliminations	Total
\$ 167,461	\$ -	\$ -	\$ -	\$ 209,701
4,722	-	-	-	6,570
<u>172,183</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>216,271</u>
269,155	3,281,777	43,842	-	3,594,774
-	-	317,977	-	317,977
-	-	-	-	50,979
6,984	22,613	-	-	31,113
-	6,759	-	-	6,759
<u>15,724</u>	<u>194</u>	<u>-</u>	<u>-</u>	<u>19,135</u>
<u>464,046</u>	<u>3,311,343</u>	<u>361,819</u>	<u>-</u>	<u>4,237,008</u>
117,446	212,025	-	-	332,756
2,475	2,475	-	-	4,950
-	-	-	-	5,694
5,053	2,445	-	-	7,498
38,125	57,959	-	-	96,084
31,683	48,833	-	-	121,015
2,091	-	-	-	2,091
64,966	-	-	-	74,069
9,569	-	-	-	11,406
11,027	-	-	-	13,530
623	-	-	-	1,622
41,346	-	-	-	43,490
20,139	-	16,554	-	44,182
52,090	36,469	9,437	-	114,356
14,826	-	-	-	14,826
1,107	-	-	-	1,107
17,522	6,012	-	-	23,534
2,417	-	-	-	4,417
8,190	-	-	-	11,044
12,672	-	-	-	15,987
-	-	-	-	11,664
<u>453,367</u>	<u>366,218</u>	<u>25,991</u>	<u>-</u>	<u>955,322</u>
10,679	2,945,125	335,828	-	3,281,686
-	2,604,951	-	-	2,604,951
<u>329,267</u>	<u>11,266</u>	<u>7,001</u>	<u>-</u>	<u>371,463</u>
<u>782,634</u>	<u>2,982,435</u>	<u>32,992</u>	<u>-</u>	<u>3,931,736</u>
17,851	-	-	(17,851)	-
-	-	(17,851)	17,851	-
<u>17,851</u>	<u>-</u>	<u>(17,851)</u>	<u>-</u>	<u>-</u>
(300,737)	328,908	310,976	-	305,272
4,834,543	413,688	169,623	-	5,947,654
<u>473,143</u>	<u>-</u>	<u>(151,511)</u>	<u>-</u>	<u>-</u>
<u>\$ 5,006,949</u>	<u>\$ 742,596</u>	<u>\$ 329,088</u>	<u>\$ -</u>	<u>\$ 6,252,926</u>

**Pickaway Metropolitan Housing Authority**  
*Summary of Activity*  
*For the Year Ended December 31, 2007*

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At the close of the fiscal year ended December 31, 2007, Pickaway Metropolitan Housing Authority had the following operations management:

	<u>Units</u>
Low Rent Public Housing Program	108
Section 8 Housing Choice Vouchers	635
Rural Rent Housing Program	<u>16</u>
Total Units	<u><u>759</u></u>

**Pickaway Metropolitan Housing Authority**  
*Actual Modernization Cost Certification*  
*For the Year Ended December 31, 2007*

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1 - The Actual Modernization Grant Costs are as follows:

	Project OH16-PO59-501-05
Funds Approved	\$ 201,809
Funds Expended	201,809
Excess/(Deficiency) of Funds Approved	<u>\$ -</u>

Date Submitted

November 1, 2007

2 - The distribution of costs as shown on the Schedule/Report of Modernization Grant Expenditures submitted to HUD for approval are in agreement with the Authority's records.

3 - All Modernization Grant Costs have been paid and all related liabilities have been discharged through payment.

**BALESTRA, HARR & SCHERER, CPAs, INC.**  
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Piketon, Ohio 45661

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

Board of Commissions  
Pickaway Metropolitan Housing Authority  
176 Rustic Drive  
Circleville, Ohio 43113

We have audited the accompanying financial statements of the business-type activities of the Pickaway Metropolitan Housing Authority (the Authority) as of and for the year ended December 31, 2007, and have issued our report thereon dated May 30, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Authority's internal control.

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



Pickaway Metropolitan Housing Authority  
Pickaway County, Ohio

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

Page 2

**Compliance and Other Matters**

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

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



Balestra, Harr & Scherer, CPAs, Inc.  
May 30, 2008

**BALESTRA, HARR & SCHERER, CPAs, INC.**  
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**Report on Compliance With Requirements Applicable to Each Major Program and  
on Internal Control Over Compliance in Accordance with OMB Circular A-133**

Board of Commissions  
Pickaway Metropolitan Housing Authority  
176 Rustic Drive  
Circleville, Ohio 43113

**Compliance**

We have audited the compliance of the Pickaway Metropolitan Housing Authority, Pickaway County, Ohio, (the Authority), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2007. The Authority's major federal programs are identified in the summary of auditor's 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 program is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

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

In our opinion, the 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, 2007.

**Internal Control Over Compliance**

The management of the 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 the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

Pickaway Metropolitan Housing Authority

Pickaway County, Ohio

Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A - 133

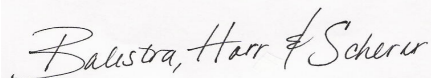
Page 2

A control deficiency in the Authority's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Authority's internal control.

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

This report is intended solely for the information and use of the management, members of the Board, the Department of Housing and Urban Development, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.

May 30, 2008

**Pickaway Metropolitan Housing Authority**  
*Schedule of Findings and Questioned Costs*  
*OMB Circular A-133 Section .505*  
*December 31, 2007*

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**1. SUMMARY OF AUDITOR'S RESULTS**

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant internal control deficiencies reported at the financial statement level	No
(d)(1)(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant internal control deficiencies reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under section .510?	No
(d)(1)(vii)	Major Programs (list):	Section 8 Housing Choice Vouchers (CFDA #14.871) & Public Housing Capital Fund (CFDA #14.872)
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

**Pickaway Metropolitan Housing Authority**  
*Schedule of Findings and Questioned Costs*  
*OMB Circular A-133 Section .505*  
*December 31, 2007*

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None





**Mary Taylor, CPA**  
Auditor of State

**PICKAWAY METROPOLITAN HOUSING AUTHORITY**  
**PICKAWAY COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED**  
**JULY 15, 2008**