

Gallia Metropolitan Housing Authority

Gallia County

Single Audit

For the Year Ended December 31, 2007



Mary Taylor, CPA
Auditor of State

Board of Directors
Gallia Metropolitan Housing Authority
381 Buck Ridge Road
Bidwell, Ohio 45614

We have reviewed the *Independent Auditors' Report* of the Gallia Metropolitan Housing Authority, Gallia County, prepared by Perry & Associates, Certified Public Accountants, A.C., 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 Gallia Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 18, 2009

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GALLIA METROPOLITAN HOUSING AUTHORITY
 BIDWELL, OHIO
 FOR THE YEAR ENDED DECEMBER 31, 2007

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Perry & Associates

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June 17, 2009

Independent Auditors' Report

Board of Directors
Gallia Metropolitan Housing Authority
381 Buck Ridge Road
Bidwell, OH 45614

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

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated June 17, 2009, on our consideration of Gallia Metropolitan Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiry of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Gallia Metropolitan Housing Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the 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. 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.

Our audit was performed for the purpose of forming an opinion on the financial statements of Gallia Metropolitan Housing Authority taken as a whole. 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 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.

Respectfully submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry and Associates
Certified Public Accountants, A.C.

Gallia Metropolitan Housing Authority
Management's Discussion and Analysis
Year Ended December 31, 2007
Unaudited

Gallia Metropolitan Housing Authority's (the Authority) Management Discussion and Analysis is designed to 1) assist the reader in focusing on significant financial issues, 2) provide an overview of the Authority's financial activity, 3) identify changes in the Authority's financial position (in upcoming years) and 4) identify individual fund issues or concerns.

Because management's Discussion and Analysis 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 Authority's net assets decreased by \$ **104,671** during 2007. Net assets reported by the Authority were \$**7,053,676** and \$ **7,158,347** as of December 31, 2007 and 2006, respectively.

Revenue increased by \$ **118,842** from \$ **1,525,955** for the year ended December 31, 2006 to \$ **1,644,797** for the year ended December 31, 2007.

The total expenses increased by \$ **64,911**, from \$ **1,684,557** for the year ended December 31, 2006 to \$**1,749,468** for the year ended December 31, 2007.

Using This Annual Report The

Report includes the following sections:

- 1) Management's Discussion and Analysis (MD&A)
- 2) Basic Financial Statements
- 3) Other Required Supplementary
 - a. Statement of Net Assets
 - b. Statement of Revenues
 - c. Expenses and Changes in Net Assets
 - d. Statement of Cash Flows
 - e. Notes to Financial Statements

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

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.

Gallia Metropolitan Housing Authority
Management Discussion and Analysis
Year Ended December 31, 2007
Unaudited

The basic financial statements, beginning on page 9, are designed to be corporate-like in that all business type programs are consolidated into one single enterprise fund for the Authority.

The 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 Net Capital Assets (net of accumulated depreciation), reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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

Unrestricted New 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". This account resembles the old operating reserves account.

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

The focus of the Statement of Revenues, Expenses and Changes in 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, and from capital and related financing activities.

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

Conventional Public Housing Program - The Public Housing Program allows the Authority to rent authority-owned housing units to eligible low-income families or singles. The program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides the Authority with an operating subsidy funding which allows the Authority to provide the housing at a rental rate that is based upon 30% of household income.

Under this program the Authority built houses that were put in a Homeownership Program. Houses are sold (some with the Authority taking a second mortgage) to eligible low-income families. The proceeds from the sales are kept by the Authority and can be used to further homeownership or to build other properties for rentals. Proceeds are invested in CD's until used and interest is added back to the CD's.

Capital Fund – The Capital Fund Program is the primary funding source for management improvements and physical improvements to Authority-owned property. Separate ACC's are executed for this annual allotment of funding.

Housing Choice Voucher Program – The Voucher Program allows the Authority to contract with private landlords who own property and are renting to eligible families. The Authority subsidizes the families' rent through a monthly Housing Assistance Payment (HAP) made to the landlord. The program, administered under an ACC with HUD, enable the Authority to structure contracts that set rents at 30% of household income.

Gallia Metropolitan Housing Authority
Management's Discussion and Analysis
Year Ended December 31, 2007
Unaudited

Basic Financial Statements

TABLE 1

Statement of Net Assets

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

| | <u>2007</u> | <u>2006</u> |
|---|----------------------------|----------------------------|
| Current and Other Assets | \$ 1,377,322 | \$ 1,394,332 |
| Capital Assets | <u>5,911,413</u> | <u>6,004,845</u> |
| Total Assets | \$ <u>7,288,735</u> | \$ <u>7,399,177</u> |
| Other Liabilities | 51,374 | 55,872 |
| Long-term liabilities | <u>183,685</u> | <u>184,958</u> |
| Total Liabilities | \$ <u>235,059</u> | \$ <u>240,830</u> |
| Net Assets: | | |
| Invested in Capital Assets, Net of Related Debt | \$ 5,911,413 | 6,004,845 |
| Unrestricted | <u>1,142,263</u> | <u>1,153,502</u> |
| Total Net Assets | \$ <u>7,053,676</u> | \$ <u>7,158,347</u> |

Major Factors affecting the Statement of New Assets

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

Gallia Metropolitan Housing Authority
Management's Discussion and Analysis
Year Ended December 31, 2007
Unaudited

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 years.

| | <u>2007</u> | <u>2006</u> |
|-----------------------------------|---------------------|---------------------|
| Revenues: | | |
| Tenant Revenue - Rents and Others | \$ 102,766 | \$ 104,691 |
| Operating Subsidies and Grants | 1,057,452 | 1,074,513 |
| Capital Grants | 338,168 | 136,929 |
| Investment Income/Other Revenues | <u>146,411</u> | <u>209,822</u> |
| Total Revenues | <u>1,644,797</u> | <u>1,525,955</u> |
| Expenses: | | |
| Administration | 458,622 | 434,096 |
| Tenant Services | 21 | 1,823 |
| Utilities | 124,699 | 119,642 |
| Maintenance | 227,407 | 237,737 |
| Protective Services | 5,412 | 2,284 |
| General | 46,796 | 53,381 |
| Housing Assistance Payments | 454,911 | 404,798 |
| Depreciation | <u>431,600</u> | <u>430,796</u> |
| Total Expenses | <u>1,749,468</u> | <u>1,684,557</u> |
| Change in Net Assets | (104,671) | (158,602) |
| Net Assets, Beginning of Year | <u>7,158,347</u> | <u>7,316,949</u> |
| Net Assets, End of Year | <u>\$ 7,053,676</u> | <u>\$ 7,158,347</u> |

Major Factors Affecting the Statement of Revenue, Expense and Changes in Net Assets Total income decreased due to capital grants — funds allocated but not expended within the year. Expenses increased due to raise in cost of health, property and liability insurance; cost of computer software in order to interact with HUD websites; and increased utilities and maintenance material costs.

Gallia Metropolitan Housing Authority
Management's Discussion and Analysis
Year Ended December 31, 2007
Unaudited

Capital Assets

As of year end the Authority had \$ 5,911,413 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (additions, deduction and depreciation) of \$ 93,432 from the end of last year.

TABLE 3
Capital Assets at Year-End
(Net of Depreciation)

| | 2007 | 2006 |
|--|--------------|--------------|
| Land | \$ 879,069 | \$ 879,069 |
| Construction in Progress | 901,867 | 563,699 |
| Buildings | 3,068,819 | 3,231,175 |
| Building & Site Improvements | 1,020,158 | 1,279,034 |
| Vehicles | - | - |
| Furniture and Equipment - Dwellings | 2,812 | 4,728 |
| Furniture and Equipment - Administration | 38,688 | 47,140 |
| Total | \$ 5,911,413 | \$ 6,004,845 |

The following reconciliation summarizes the change in Capital Assets

TABLE 4
Changes in Capital Assets

| | |
|-------------------|--------------|
| Beginning Balance | \$ 6,004,845 |
| Additions | 338,168 |
| Depreciation | (431,600) |
| Ending Balance | \$ 5,911,413 |

This year's major additions are due to Capital Improvements (CFP) completed at the Authority's Public Housing sites. See Note 3 of notes to the financial statements for additional information on the Authority's capital assets.

Debt Administration

As of December 31, 2007, the Authority had no debt outstanding.

Gallia Metropolitan Housing Authority
Management's Discussion and Analysis
Year Ended December 31, 2007
Unaudited

Economic Factors

Significant economic factors affecting the Authority are as follows:

- 1) Federal funding provided by HUD
- 2) Local labor supply and demand, which can affect salary and wage rates
- 3) Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- 4) Inflationary pressure on utility rates, supplies and other costs
- 5) Market rates for rental housing
- 6) Interest rates for money invested

Financial Contact

The individual to be contacted regarding this report is: June R. Williams, Executive Director Gallia Metropolitan Housing Authority. Specific requests may be submitted to Ms. Williams at 381 Buck Ridge Road Bidwell, OH 45614.

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**GALLIA METROPOLITAN HOUSING AUTHORITY
 BIDWELL, OHIO
 STATEMENT OF NET ASSETS
 PROPRIETARY FUND TYPE
 AS OF DECEMBER 31, 2007**

| | <i>Enterprise Fund</i> |
|---|----------------------------|
| ASSETS | |
| Current Assets: | |
| Cash - Unrestricted | \$ 352,217 |
| Restricted Cash - Tenant Security Deposits | 17,636 |
| Accounts Receivable: | |
| Fraud Recovery | 2,931 |
| Tenants - Dwelling Rents | 9,151 |
| Investments - Unrestricted | 955,623 |
| Inventories | 26,264 |
| Prepaid Expense | 13,500 |
| Total Current Assets | 1,377,322 |
| Noncurrent Assets: | |
| Capital Assets: | |
| Non-depreciable Capital Assets | 1,780,936 |
| Depreciable Capital Assets, Net of Accumulated Depreciation | 4,130,477 |
| Total Noncurrent Assets | 5,911,413 |
| Total Assets | 7,288,735 |
| Liabilities | |
| Current Liabilities: | |
| Accrued Wages/Payroll Taxes Payable | 10,374 |
| Accounts Payable: | |
| Less Than 90 Days Past Due | 20,047 |
| Compensated Absences | 3,831 |
| Tenant Security Deposits | 17,122 |
| Total Current Liabilities | 51,374 |
| Noncurrent Liabilities: | |
| Deferred Insurance Proceeds | 2,804 |
| Noncurrent Liabilities - Other | 156,125 |
| Compensated Absences | 24,756 |
| Total Noncurrent Liabilities | 183,685 |
| Total Liabilities | 235,059 |
| Net Assets | |
| Invested in Capital Assets, Net of Related Debt | 5,911,413 |
| Unrestricted | 1,142,263 |
| Total Net Assets | 7,053,676 |
| Total Liabilities and Net Assets | \$ 7,288,735 |

See accompanying notes to the basic financial statements.

GALLIA METROPOLITAN HOUSING AUTHORITY
 BIDWELL, OHIO
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
 PROPRIETARY FUND TYPE
 FOR THE YEAR ENDED DECEMBER 31, 2007

| | <i>Enterprise Fund</i> |
|---|----------------------------|
| Operating Revenues | |
| Tenant Revenues: | |
| Net Tenant Rental Revenue | \$ 102,766 |
| Total Tenant Revenue | 102,766 |
| HUD PHA Grants/Operating Grants | 1,057,452 |
| Other Revenue | 15,975 |
| Total Operating Revenue | 1,176,193 |
| Operating Expenses | |
| Administrative: | |
| Administrative Salaries | 240,155 |
| Auditing Fees | 1,230 |
| Employee Benefit Contributions | 149,317 |
| Compensated Absences | (1,459) |
| Other Operating | 69,379 |
| Total Administrative | 458,622 |
| Tenant Services: | |
| Other | 21 |
| Total Tenant Services | 21 |
| Utilities: | |
| Water | 101,999 |
| Electricity | 19,087 |
| Gas | 3,613 |
| Total Utilities | 124,699 |
| Ordinary Maintenance & Operation: | |
| Labor | 100,619 |
| Materials and Other | 46,889 |
| Contract Costs | 16,397 |
| Employee Benefit Contributions | 63,502 |
| Total Ordinary Maintenance & Operation | 227,407 |
| Protective Services: | |
| Protective Services- Labor | 5,412 |
| Total Protective Services | 5,412 |
| General Expenses: | |
| Insurance Premiums | 43,865 |
| Payments in Lieu of Taxes | 1,534 |
| Interest Expense | 1,157 |
| Bad Debt-Tenants Rent | 240 |
| Total General Expenses | 46,796 |
| Other Expenses: | |
| Housing Assistance Payments | 454,911 |
| Depreciation Expense | 431,600 |
| Total Other Expenses | 886,511 |
| Total Operating Expenses | 1,749,468 |
| Operating Income (Loss) | (573,275) |
| Nonoperating Revenues: | |
| Capital Grants | 338,168 |
| Investment Income- Unrestricted | 59,357 |
| Total Nonoperating Revenues | 397,525 |
| Other Financing Sources/(Uses) | |
| Gain on Sale of Fixed Assets | 71,079 |
| Total Other Financing Sources/(Uses) | 71,079 |
| Change in Net Assets | (104,671) |
| Net Assets, Beginning of Year | 7,158,347 |
| Net Assets, End of Year | \$ 7,053,676 |

See accompanying notes to the basic financial statements.

**GALLIA METROPOLITAN HOUSING AUTHORITY
 BIDWELL, OHIO
 STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE
 FOR THE YEAR ENDED DECEMBER 31, 2007**

| | <i>Enterprise Fund</i> |
|---|----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Receipts from tenants | \$ 102,766 |
| Receipts from operating grants | 1,057,607 |
| Other operating receipts | 13,507 |
| Housing assistance payments | (454,911) |
| Payments for general and administrative expense | (869,283) |
| | (150,314) |
| Net Cash Provided By/(Used for) Operating Activities | (150,314) |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Interest | 59,357 |
| Change in investments | 133,359 |
| | 192,716 |
| Net Cash Used for Investing Activities | 192,716 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Capital Grants | 340,481 |
| Construction and acquisitions of capital assets | (338,168) |
| Proceeds from Sale of Fixed Assets | 71,079 |
| | 73,392 |
| Net Cash Provided by Capital and Related Financing Activities | 73,392 |
| Net Increase/(Decrease) in Cash and Cash Equivalents | 115,794 |
| Cash at Beginning of Year | 256,372 |
| Cash at End of Year | \$ 372,166 |
| RECONCILIATION OF OPERATING INCOME/(LOSS) TO CASH PROVIDED BY/(USED FOR) OPERATING ACTIVITIES | |
| Net Operating Income/(Loss) | \$ (573,275) |
| Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by Operating Activities: | |
| Changes in Operating Assets and Liabilities that Increase/(Decrease) Cash Flows: | |
| (Increase)/Decrease In: | |
| Accounts Receivable - Dwelling Rents | (6,725) |
| Prepaid Expenses | 1,084 |
| Inventory | 2,773 |
| Increase/(Decrease) In: | |
| Accounts Payable | (346) |
| Security Deposits | (1,546) |
| Accrued Wages and Taxes | (2,424) |
| Accrued Compensated Absences | (1,455) |
| Depreciation Expense | 431,600 |
| | 422,961 |
| Total Adjustments | 422,961 |
| Net Cash Provided by Operating Activities | \$ (150,314) |

See accompanying notes to the basic financial statements.

GALLIA METROPOLITAN HOUSING AUTHORITY
BIDWELL, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED, DECEMBER 31, 2007

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Gallia Metropolitan Housing Authority (GMHA or Authority) was created under the Ohio Revised Code Section 3735.27 to engage in the acquisition, development, leasing, and administration of a low-rent housing program. An Annual Contributions Contract (ACC) was signed by the Gallia Metropolitan Housing Authority and the U.S. Department of Housing and Urban Development (HUD), under the provisions of 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 a 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.

Description of Programs

Conventional Public Housing Program

The Public Housing Program allows the Authority to rent authority-owned housing units to eligible low-income families or singles. The program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides the Authority with an operating subsidy funding which allows the Authority to provide the housing at a rental rate that is based upon 30% of household income. Under this program the Authority built houses that were put in a Homeownership Program.

Houses are sold (some with the Authority taking a second mortgage) to eligible low-income families. The proceeds from the sale are kept by the Authority and can be used at the discretion of the housing authority. Proceeds are invested in CD's until used and interest is added back to the CD's.

Capital Fund Program

The Capital Fund Program is the primary funding source for management improvements and physical improvements to Authority-owned property. Separate ACC's are executed for this annual allotment of funding.

Housing Choice Voucher Program

The Voucher Program allows the Authority to contract with private landlords who own property and are renting to eligible families. The Authority subsidizes the families' rent through a monthly Housing Assistance Payment (HAP) made to the landlord. The program, administered under an ACC with HUD, enables the Authority to structure contracts that set rents at 30% of household income.

GALLIA METROPOLITAN HOUSING AUTHORITY
BIDWELL, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED, DECEMBER 31, 2007

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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. The Authority has elected not to apply FASB guidance issued after November 30, 1989.

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 financial statements, and 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 recognized at the end of the year based on management's evaluation of the collectability of outstanding tenant receivable balances.

Interprogram Due To/Due From

At year-end, the Section 8 Voucher program has interprogram balances due to the Public Housing program in the amount of \$ 154,988. These interprogram balances are eliminated on the statement of net assets.

Capital Assets

Capital assets are 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 | 40 years |
| Building & Site Improvements | 15 years |
| Furniture & Equipment | 7 years |
| Vehicles | 5 years |

Depreciation is recorded on the straight-line method.

GALLIA METROPOLITAN HOUSING AUTHORITY
BIDWELL, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED, DECEMBER 31, 2007

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capitalization of Interest

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

Investments

Investments are stated at fair value. Cost-based measures of fair value were applied to nonnegotiable certificates of deposit and money market investments.

Net Assets

Net assets represent the differences 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.

Operating Revenues and Expenses

Operating Revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Authority, these revenues are tenant rental revenue, grants received from HUD and other miscellaneous revenues. Operating Expenses are necessary costs that have been incurred in order to provide the good or service that is the primary activity of the fund. Revenues and expenses not meeting the definition are reported as non-operating.

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

GALLIA METROPOLITAN HOUSING AUTHORITY
BIDWELL, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED, DECEMBER 31, 2007

NOTE 2 – CASH AND INVESTMENTS (Continued)

Protection of the Authority’s deposits is provided by the Federal Deposit Insurance Corporation (FDIC) by eligible securities pledged by the financial institution as security for repayment, by 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.

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 pools 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 \$ 1,325,476. As of December 31, 2007, \$300,000 of the Authority’s bank balance \$ 1,059,141 was covered by Federal Deposit Insurance, and the remaining \$759,141 was covered by pooled securities held by the pledging financial institution’s trust department.

The book balances at December 31, 2007, were as follows:

| | Cash | Investments | Total |
|----------------------------|------------|-------------|--------------|
| Low Rent Public Housing | \$ 348,594 | \$ 955,623 | \$ 1,304,217 |
| Section 8 Housing Vouchers | 21,259 | - | 21,259 |
| Total | \$ 369,853 | \$ 955,623 | \$ 1,325,476 |

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 funds, super NOW accounts, sweep accounts, separate trading of registered interest and principal of securities, mutual funds, bonds and other obligations of this State, and the State Treasurer’s investment pool. Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation or transfer from the custodian.

GALLIA METROPOLITAN HOUSING AUTHORITY
BIDWELL, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED, DECEMBER 31, 2007

NOTE 2 – CASH AND INVESTMENTS (Continued)

The Authority's investments are categorized to give an indication of the level of risk assumed by the entity at year-end. 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 departments but not in the Authority's name.

The Authority's nonnegotiable certificates of deposit are classified as investments on the balance sheet but are considered as deposits for GASB 3 purposes. Therefore, the categories described above do not apply.

NOTE 3 – CAPITAL ASSETS

A summary of property and equipment as December 31, 2007, by class is as follows:

| | Balance 12/31/2006 | Additions | Deletions | Balance 12/31/2007 |
|--|-----------------------|--------------------|-------------|-----------------------|
| Capital Assets Not Being Depreciated: | | | | |
| Land and Land Rights | \$ 879,069 | \$ - | \$ - | \$ 879,069 |
| Construction in Progress | 563,699 | 338,168 | - | 901,867 |
| Total Capital Assets Not Being Depreciated | <u>1,442,768</u> | <u>338,168</u> | <u>-</u> | <u>1,780,936</u> |
| Capital Assets Being Depreciated: | | | | |
| Buildings | 6,494,246 | - | - | 6,494,246 |
| Buildings and Site Improvements | 4,115,289 | - | - | 4,115,289 |
| Vehicles | 91,353 | - | - | 91,353 |
| Furniture and Equipment - Dwelling | 107,553 | - | - | 107,553 |
| Furniture and Equipment - Administration | 198,173 | - | - | 198,173 |
| Total Capital Assets Being Depreciated | <u>11,006,614</u> | <u>-</u> | <u>-</u> | <u>11,006,614</u> |
| Total Capital Assets | <u>12,449,382</u> | <u>338,168</u> | <u>-</u> | <u>12,787,550</u> |
| Accumulated Depreciation: | | | | |
| Buildings | (3,263,071) | (162,356) | - | (3,425,427) |
| Buildings and Site Improvements | (2,836,255) | (258,876) | - | (3,095,131) |
| Vehicles | (91,353) | - | - | (91,353) |
| Furniture and Equipment - Dwelling | (102,825) | (1,916) | - | (104,741) |
| Furniture and Equipment - Administration | (151,033) | (8,452) | - | (159,485) |
| Total Accumulated Depreciation | <u>(6,444,537)</u> | <u>(431,600)</u> | <u>-</u> | <u>(6,876,137)</u> |
| Net Capital Assets Being Depreciated | 4,562,077 | (431,600) | - | 4,130,477 |
| Net Capital Assets | <u>\$ 6,004,845</u> | <u>\$ (93,432)</u> | <u>\$ -</u> | <u>\$ 5,911,413</u> |

GALLIA METROPOLITAN HOUSING AUTHORITY
BIDWELL, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED, DECEMBER 31, 2007

NOTE 4 – ADMINISTRATIVE

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.

NOTE 5 – DEFINED PENSION PLANS AND POSTRETIREMENT BENEFITS

RETIREMENT SYSTEM PENSION PLAN

All Gallia Metropolitan Housing Authority’s full-time employees participate in the Public Employees Retirement System of Ohio (“PERS”), a cost-sharing multiple-employer defined benefit pension plan. Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:

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

OPERS provide retirement and disability benefits, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. The Public Employees Retirement System issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to OPERS, 277 East Town Street, Columbus, Ohio 42315-4562 or by calling (614) 466-4642 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2007, member and employer contribution rates were consistent across all three plans. Separate divisions for law enforcement and public safety exist only within the Traditional Pension Plan. The employee contribution rates effective for 2007 were 9.5% of their salary. The 2007 employer contribution rate relating to employees was 13.85% of covered payroll. Required employer contributions are equal to 100% of the dollar amount billed to each employer and must be extracted from the employer’s records. The Authority’s contribution to PERS for the years ending December 31, 2007, 2006, and 2005 were \$47,725, \$47,066, and \$44,198 respectively, which are equal to the required contributions for the year.

PUBLIC EMPLOYEES RETIREMENT SYSTEM

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

GALLIA METROPOLITAN HOUSING AUTHORITY
BIDWELL, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED, DECEMBER 31, 2007

NOTE 5 – DEFINED PENSION PLANS AND POSTRETIREMENT BENEFITS (Continued)

PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)

OPERS provide retirement, disability, and survivor benefits as well as post retirement health care coverage to qualifying members of both the Traditional and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post employment health care coverage.

In order to qualify for post retirement health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered to be an Other Post Employment Benefit (OPEB) as described in GASB Statement Nos. 12 and 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

- B. The Ohio Revised Code provides the statutory authority requiring public employer units to fund post retirement health care through their contributions to OPERS.
- C. Summary of Assumptions:

Actuarial Review – The assumptions and calculations below were based on OPERS’ latest Actuarial Review performed as of December 31, 2006.

Funding Method – An individual entry age 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.

Assets Valuation Method – 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% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor.

Investment Return – The investment assumption rate for 2006 was 6.5%.

Active Employee Total Payroll – An annual increase of 4.0%, 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 and above the 4.0% base increase, were assumed to range from 0.50% to 6.30%.

Health Care – Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 0.5% to 5.0% for the next 8 years. In subsequent years (9 and beyond), health care costs were assumed to increase at 4.0% (the projected wage inflation rate).

GALLIA METROPOLITAN HOUSING AUTHORITY
BIDWELL, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED, DECEMBER 31, 2007

NOTE 5 – DEFINED PENSION PLANS AND POSTRETIREMENT BENEFITS (Continued)

PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)

D. OPEB's are advance-funded on an actuarially determined basis. The following disclosures are required:

1. The number of active contributing participants in the Traditional Pension and Combined Plans totaled 374,979.
2. The employer contributions that were used to fund post employment benefits were \$47,725 for 2007.
3. \$12 billion represents the actuarial value of OPERS' net assets available for OPEB's at December 31, 2006.
4. 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.

E. OPERS Retirement Board implements a Health Care Preservation Plan

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, is effective January 1, 2007. In addition, OPERS created a separate investment pool for health care assets. Members and employers contribution rates increases in January 1, 2006 and in 2007 and January 1, 2008 which will allow additional funds to be allocated to the health care plan.

NOTE 6 – 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 8 hours of sick leave per 1 month of service. Unused sick leave may be accumulated up to 120 days (960 hours). Employees will be paid for ¼ of accumulated sick leave, not to exceed 30 days (240 hours), at the time of retirement, at the employee's rate of pay at the time of retirement. All permanent employees will earn vacation hours accumulated based on length of service. Maximum accumulated vacation is no more than what is earned in 2 years, with carryover limited to one year of earned. Upon termination, any accrued vacation time will be paid to the employee with his/her final check.

At December 31, 2007, using the vested method of accrual, \$28,587 was accrued by the Authority for unused vacation time and sick time.

NOTE 7 – INSURANCE

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

NOTE 8 – CONTINGENCIES

Grants

The Authority received financial assistance from federal and state agencies in the form of grants. The expenditures of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Authority. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Authority at December 31, 2007.

GALLIA METROPOLITAN HOUSING AUTHORITY
BIDWELL, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED, DECEMBER 31, 2007

NOTE 8 – CONTINGENCIES (Continued)

Litigation

The Authority is not party to any legal proceedings.

GALLIA METROPOLITAN HOUSING AUTHORITY
BIDWELL, OHIO
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2007

| DIRECT FROM U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT: | FEDERAL CFDA NUMBER | 2007 FEDERAL EXPENDITURES |
|--|---------------------------|---------------------------------|
| Low Rent Public Housing | 14.850a | \$ 498,823 |
| Section 8 Housing Choice Vouchers | 14.871 | 556,316 |
| Public Housing Capital Fund | 14.872 | <u>340,481</u> |
| TOTAL - ALL PROGRAMS | | <u>\$ 1,395,620</u> |

See accompanying notes to the Schedule of Federal Awards Expenditures

GALLIA METROPOLITAN HOUSING AUTHORITY
BIDWELL, OHIO
NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2007

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.

GALLIA METROPOLITAN HOUSING AUTHORITY
BIDWELL, OHIO
STATEMENT OF NET ASSETS BY PROGRAM
AS OF DECEMBER 31, 2007

| | Section 8 Voucher | Public Housing | Capital Fund | Interprogram Eliminations | Enterprise Fund |
|---|------------------------------|---------------------------|-------------------------|--------------------------------------|----------------------------|
| ASSETS | | | | | |
| Current Assets: | | | | | |
| Cash - Unrestricted | \$ 21,259 | \$ 330,958 | \$ - | \$ - | \$ 352,217 |
| Restricted Cash - Tenant Security Deposits | - | 17,636 | - | - | 17,636 |
| Accounts Receivable: | | | | | |
| Fraud Recovery | 2,931 | - | - | - | 2,931 |
| Tenants - Dwelling Rents | - | 9,151 | - | - | 9,151 |
| Investments - Unrestricted | - | 955,623 | - | - | 955,623 |
| Inventories | - | 26,264 | - | - | 26,264 |
| Interprogram Due From | - | 154,988 | - | (154,988) | - |
| Prepaid Expense | 3,693 | 9,807 | - | - | 13,500 |
| Total Current Assets | 27,883 | 1,504,427 | - | (154,988) | 1,377,322 |
| Noncurrent Assets: | | | | | |
| Capital Assets: | | | | | |
| Non-depreciable Capital Assets | - | 879,069 | 901,867 | - | 1,780,936 |
| Depreciable Capital Assets, Net of Accumulated Depreciation | - | 4,130,477 | - | - | 4,130,477 |
| Total Noncurrent Assets | - | 5,009,546 | 901,867 | - | 5,911,413 |
| Total Assets | 27,883 | 6,513,973 | 901,867 | (154,988) | 7,288,735 |
| Liabilities | | | | | |
| Current Liabilities: | | | | | |
| Accrued Wages/Payroll Taxes Payable | 584 | 9,790 | - | - | 10,374 |
| Accounts Payable: | | | | | |
| <= 90 Days Past Due | 2,975 | 17,072 | - | - | 20,047 |
| Compensated Absences | 1,684 | 2,147 | - | - | 3,831 |
| Tenant Security Deposits | - | 17,122 | - | - | 17,122 |
| Interprogram Due To | 154,988 | - | - | (154,988) | - |
| Total Current Liabilities | 160,231 | 46,131 | - | (154,988) | 51,374 |
| Noncurrent Liabilities: | | | | | |
| Deferred Insurance Proceeds | - | 2,804 | - | - | 2,804 |
| Noncurrent Liabilities - Other | - | 156,125 | - | - | 156,125 |
| Compensated Absences | 10,346 | 14,410 | - | - | 24,756 |
| Total Noncurrent Liabilities | 10,346 | 173,339 | - | - | 183,685 |
| Total Liabilities | 170,577 | 219,470 | - | (154,988) | 235,059 |
| Net Assets | | | | | |
| Invested in Capital Assets, Net of Related Debt | - | 5,009,546 | 901,867 | - | 5,911,413 |
| Unrestricted | (142,694) | 1,284,957 | - | - | 1,142,263 |
| Total Net Assets | (142,694) | 6,294,503 | 901,867 | - | 7,053,676 |
| Total Liabilities and Net Assets | \$ 27,883 | \$ 6,513,973 | \$ 901,867 | \$ (154,988) | \$ 7,288,735 |

**GALLIA METROPOLITAN HOUSING AUTHORITY
 BIDWELL, OHIO
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS BY PROGRAM
 FOR THE YEAR ENDED DECEMBER 31, 2007**

| | <i>Section 8 Voucher</i> | <i>Public Housing</i> | <i>Capital Fund</i> | <i>Enterprise Fund</i> |
|---|------------------------------|---------------------------|-------------------------|----------------------------|
| Operating Revenues | | | | |
| Tenant Revenues: | | | | |
| Net Tenant Rental Revenue | \$ - | \$ 102,766 | \$ - | \$ 102,766 |
| Total Tenant Revenue | - | 102,766 | - | 102,766 |
| HUD PHA Grants/Operating Grants | 556,316 | 498,823 | 2,313 | 1,057,452 |
| Other Revenue | 2,468 | 13,507 | - | 15,975 |
| Total Operating Revenue | 558,784 | 615,096 | 2,313 | 1,176,193 |
| Operating Expenses | | | | |
| Administrative: | | | | |
| Administrative Salaries | 71,089 | 169,066 | - | 240,155 |
| Auditing Fees | 615 | 615 | - | 1,230 |
| Employee Benefit Contributions | 42,572 | 106,745 | - | 149,317 |
| Compensated Absences | (929) | (530) | - | (1,459) |
| Other Operating | 12,654 | 56,725 | - | 69,379 |
| Total Administrative | 126,001 | 332,621 | - | 458,622 |
| Tenant Services: | | | | |
| Other | - | 21 | - | 21 |
| Total Tenant Services | - | 21 | - | 21 |
| Utilities: | | | | |
| Water | - | 101,999 | - | 101,999 |
| Electricity | - | 19,087 | - | 19,087 |
| Gas | - | 3,613 | - | 3,613 |
| Total Utilities | - | 124,699 | - | 124,699 |
| Ordinary Maintenance & Operation: | | | | |
| Labor | - | 100,619 | - | 100,619 |
| Materials and Other | - | 46,889 | - | 46,889 |
| Contract Costs | - | 16,397 | - | 16,397 |
| Employee Benefit Contributions | - | 63,502 | - | 63,502 |
| Total Ordinary Maintenance & Operation | - | 227,407 | - | 227,407 |
| Protective Services: | | | | |
| Protective Services- Labor | - | 5,412 | - | 5,412 |
| Total Protective Services | - | 5,412 | - | 5,412 |
| General Expenses: | | | | |
| Insurance Premiums | 4,147 | 39,718 | - | 43,865 |
| Payments in Lieu of Taxes | - | 1,534 | - | 1,534 |
| Interest Expense | - | 1,157 | - | 1,157 |
| Bad Debt-Tenants Rent | - | 240 | - | 240 |
| Total General Expenses | 4,147 | 42,649 | - | 46,796 |
| Other Expenses: | | | | |
| Housing Assistance Payments | 454,911 | - | - | 454,911 |
| Depreciation Expense | - | 431,600 | - | 431,600 |
| Total Other Expenses | 454,911 | 431,600 | - | 886,511 |
| Total Operating Expenses | 585,059 | 1,164,409 | - | 1,749,468 |
| Operating Income (Loss) | (26,275) | (549,313) | 2,313 | (573,275) |
| Nonoperating Revenues: | | | | |
| Capital Grants | - | - | 338,168 | 338,168 |
| Investment Income- Unrestricted | 3 | 59,354 | - | 59,357 |
| Total Nonoperating Revenues | 3 | 59,354 | 338,168 | 397,525 |
| Other Financing Sources/(Uses) | | | | |
| Transfers In | - | 2,313 | - | 2,313 |
| Transfers Out | - | - | (2,313) | (2,313) |
| Gain on Sale of Fixed Assets | - | 71,079 | - | 71,079 |
| Total Other Financing Sources/(Uses) | - | 73,392 | (2,313) | 71,079 |
| Change in Net Assets | (26,272) | (416,567) | 338,168 | (104,671) |
| Net Assets, Beginning of Year | (116,422) | 6,711,070 | 563,699 | 7,158,347 |
| Net Assets, End of Year | \$ (142,694) | \$ 6,294,503 | \$ 901,867 | \$ 7,053,676 |

**GALLIA METROPOLITAN HOUSING AUTHORITY
 BIDWELL, OHIO
 STATEMENT OF CASH FLOWS BY PROGRAM
 FOR THE YEAR ENDED DECEMBER 31, 2007**

| | <u>Section 8 Voucher</u> | <u>Public Housing</u> | <u>Capital Fund</u> | <u>Enterprise Fund</u> |
|--|------------------------------|---------------------------|-------------------------|----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from tenants | \$ - | \$ 102,766 | \$ - | \$ 102,766 |
| Receipts from operating grants | 558,784 | 498,823 | - | 1,057,607 |
| Other operating receipts | - | 13,507 | - | 13,507 |
| Housing assistance payments | (454,911) | - | - | (454,911) |
| Payments for general and administrative expense | (130,376) | (738,907) | - | (869,283) |
| Net Cash Provided By/(Used for) Operating Activities | (26,503) | (123,811) | - | (150,314) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest | 3 | 59,354 | - | 59,357 |
| Change in investments | - | 133,359 | - | 133,359 |
| Net Cash Used for Investing Activities | 3 | 192,713 | - | 192,716 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Capital Grants | - | - | 340,481 | 340,481 |
| Interprogram Transfers | 43,324 | (41,011) | (2,313) | - |
| Construction and acquisitions of capital assets | - | - | (338,168) | (338,168) |
| Proceeds from Sale of Fixed Assets | - | 71,079 | - | 71,079 |
| Net Cash Provided by Capital and Related Financing Activities | 43,324 | 30,068 | - | 73,392 |
| Net Increase/(Decrease) in Cash and Cash Equivalents | 16,824 | 98,970 | - | 115,794 |
| Cash at Beginning of Year | 4,435 | 251,937 | - | 256,372 |
| Cash at End of Year | \$ 21,259 | \$ 350,907 | \$ - | \$ 372,166 |
| RECONCILIATION OF OPERATING INCOME/(LOSS) TO CASH PROVIDED BY/(USED FOR) OPERATING ACTIVITIES | | | | |
| Net Operating Income/(Loss) | (26,275) | (547,000) | - | \$ (573,275) |
| Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by Operating Activities: | | | | |
| Changes in Operating Assets and Liabilities that Increase/(Decrease) Cash Flows: | | | | |
| (Increase)/Decrease In: | | | | |
| Accounts Receivable - Dwelling Rents | - | (6,725) | - | (6,725) |
| Prepaid Expenses | - | 1,084 | - | 1,084 |
| Inventory | - | 2,773 | - | 2,773 |
| Increase/(Decrease) In: | | | | |
| Accounts Payable | 506 | (852) | - | (346) |
| Security Deposits | - | (1,546) | - | (1,546) |
| Accrued Wages and Taxes | 194 | (2,618) | - | (2,424) |
| Accrued Compensated Absences | (928) | (527) | - | (1,455) |
| Depreciation Expense | - | 431,600 | - | 431,600 |
| Total Adjustments | (228) | 423,189 | - | 422,961 |
| Net Cash Provided by Operating Activities | \$ (26,503) | \$ (123,811) | \$ - | \$ (150,314) |

**GALLIA METROPOLITAN HOUSING AUTHORITY
BIDWELL, OHIO
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2007**

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

| | <u>Units</u> |
|-----------------------------------|-------------------|
| Low Rent Public Housing | 147 |
| Section 8 Housing Choice Vouchers | <u>175</u> |
| Total Units | <u><u>322</u></u> |

Perry & Associates
Certified Public Accountants, A.C.

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1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056

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

June 17, 2009

Board of Directors
Gallia Metropolitan Housing Authority
381 Buck Ridge Road
Bidwell, OH 45614

We have audited the financial statements of the business-type activities of Gallia Metropolitan Housing Authority (the Authority), as of and for the year ended December 31, 2007, which collectively comprise the Gallia Metropolitan Housing Authority's basic financial statements and have issued our report thereon dated June 17, 2009. 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 the Comptroller General of the United States' *Government Auditing Standards*.

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 audit procedures for expressing our opinion(s) on the financial statements, but not to opine on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we have not opined 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 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 its applicable accounting basis, such that there is more than a remote likelihood that the Authority's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Authority's internal control will not prevent or detect a material financial statement misstatement.

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 internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

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

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

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry and Associates
Certified Public Accountants, A.C.

Perry & Associates
Certified Public Accountants, A.C.

PARKERSBURG
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Marietta, OH 45750
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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

June 17, 2009

Board of Directors
Gallia Metropolitan Housing Authority
381 Buck Ridge Road
Bidwell, OH 45614

Compliance

We have audited the compliance of Gallia Metropolitan Housing Authority (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 apply to its major federal programs for the year ended December 31, 2007. The summary of auditor's results section of the accompanying schedule of findings and questioned costs identifies the Government's major federal programs. The Authority's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. 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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe 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 Gallia Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that apply to its major federal programs for the year ended December 31, 2007.

Internal Control Over Compliance

The Authority's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could directly and materially affect 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.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the Authority's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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.

We intend this report solely for the information and use of the audit committee, management, members of the board, and federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

Respectfully submitted,



Perry and Associates
Certified Public Accountants, A.C.

**GALLIA METROPOLITAN HOUSING AUTHORITY
 BIDWELL, OHIO
 FOR THE YEAR ENDED DECEMBER 31, 2007**

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

1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|---------------------|---|---|
| <i>(d)(1)(i)</i> | Type of Financial Statement Opinion | Unqualified |
| <i>(d)(1)(ii)</i> | Were there any material control weakness conditions reported at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(ii)</i> | Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(iii)</i> | Was there any reported material noncompliance at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(iv)</i> | Were there any material internal control weakness conditions reported for major federal programs? | No |
| <i>(d)(1)(iv)</i> | Were there any other reportable internal control weakness conditions reported for major federal programs? | No |
| <i>(d)(1)(v)</i> | Type of Major Programs' Compliance Opinion | Unqualified |
| <i>(d)(1)(vi)</i> | Are there any reportable findings under § .510? | No |
| <i>(d)(1)(vii)</i> | Major Programs (list): | Section 8 Housing Choice Vouchers, CFDA # 14.871, Public and Indian Housing CFDA# 14.850A |
| <i>(d)(1)(viii)</i> | Dollar Threshold: Type A\B Programs | Type A: > \$ 300,000 Type B: all others |
| <i>(d)(1)(ix)</i> | Low Risk Auditee? | Yes |

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

None

3. FINDINGS FOR FEDERAL AWARDS

None



Mary Taylor, CPA
Auditor of State

GALLIA METROPOLITAN HOUSING AUTHORITY

GALLIA 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
JUNE 30, 2009**