

Erie Metropolitan Housing Authority

Financial Statements

For the Year Ended June 30, 2009



Mary Taylor, CPA

Auditor of State

Board of Directors
Erie Metropolitan Housing Authority
322 Warren Street
Sandusky, Ohio 44870

We have reviewed the *Independent Auditors' Report* of the Erie Metropolitan Housing Authority, Erie County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period July 1, 2008 through June 30, 2009. 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 Erie Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

February 1, 2010

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ERIE METROPOLITAN HOUSING AUTHORITY
AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2009

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Independent Auditors' Report

Board of Directors
Erie Metropolitan Housing Authority

I have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component unit of Erie Metropolitan Housing Authority, Ohio, as of and for the year ended June 30, 2009, which collectively comprise the Authority basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Erie Metropolitan Housing Authority, Ohio, management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my 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 I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the aggregate discretely presented component unit of the Erie Metropolitan Housing Authority, Ohio, as of June 30, 2009, and the respective change in financial position and 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*, I have also issued a report dated October 30, 2009, on my consideration of Erie Metropolitan Housing Authority, Ohio's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of my 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 read in conjunction with this report in considering the result of my 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 State of America. I have applied certain limited procedures, which consisted principally of inquiry of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion thereon.

My Audit was performed for the purpose of forming an opinion on the basic financial statements that collectively comprise the Erie Metropolitan Housing Authority basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government and Non-Profit Organizations* and is not a required part of the basic financial statements. The combining financial data schedule ("FDS") is presented for purposes additional analysis as required by the 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 my opinion, is fairly presented in all material respect in relation to the financial statements taken as a whole.

Salvatore Consiglio, CPA, Inc.
October 30, 2009

**ERIE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year Ended June 30, 2009**

The Erie 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, and (d) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current years activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements (beginning on page 14).

FINANCIAL HIGHLIGHTS

- The Authority's net assets decreased by \$.5 million during 2009. Since the Authority engages only in business-type activities, the decrease is all in the category of business-type net assets. The component unit's net assets remain stable.
- The Authority's total revenues decreased by less than \$.1 million and the component units remain stable.
- The total expenses of all Authority programs increased by \$.6 million and the component units remain stable.

Authority Financial Statements

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

These Statements include a Statement of Net 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, equal "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 represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority.

**ERIE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year Ended June 30, 2009**

Net Assets (formerly equity) are reported in three broad categories:

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: 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 Authority 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 capital 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, and from capital and related financing activities.

Fund Financial Statements

The Authority consists of exclusively Enterprise Funds. Enterprise funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting.

Many of the programs maintained by the Authority are required by the Department of Housing and Urban Development. Others are segregated to enhance accountability and control.

**ERIE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year Ended June 30, 2009**

The Authority's Programs

Conventional Public Housing (PH) – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The 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. While the formula funding methodology used for the CGP was revised for the CFP, funds are still provided by formula allocation and based on size and age of your units.

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

Special Programs for the Aging – Title III-B – represents resources derived from the administration of the Title III-B program by the Erie County Senior Center. The program provides services for the elderly of Erie County for transportation, escort, education, information & referral, volunteer placement, health assessment and socialization. Funding is received through the Area Office on Aging of Northwest Ohio, Inc. from the Department of Health and Human Services.

Special Programs for the Aging – Title III-C – Under the Title III-C Program, the Authority oversees the administration of the nutrition program by the Erie County Senior Center. Funding is received from the Area Office on Aging of Northwest Ohio, Inc. through the Department of Health and Human Services to provide nutritionally balanced meals to residents of Erie County age 60 and older. Meals are provided for a donation only.

Business Activities – represents non-HUD resources derived from the management fees of the Erie Community Plaza, Inc. (a 202 PRAC project).

**ERIE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year Ended June 30, 2009**

Component Unit –Under the component units, the Authority oversees the administration of the Erie County Senior Center Gift Store and the local fund-raising activities of the Erie County Senior Center to provide the local cash match needed for the Title III-B and Title III-C programs.

AUTHORITY STATEMENTS

Statement of Net Assets

The following table reflects the condensed Statement of Net Assets compared to prior year. The Authority is engaged only in Business-Type Activities.

TABLE 1

**STATEMENT OF NET ASSETS
Erie Metropolitan Housing Authority**

	<u>2009</u> (in millions of dollars)	<u>2008</u> (in millions of dollars)
Current Assets	\$ 2.0	\$ 2.9
Capital Assets	5.9	5.5
Total Assets	\$ 7.9	\$ 8.4
Current Liabilities	\$ 0.3	\$ 0.3
Long-Term Liabilities	1.2	1.2
Total Liabilities	1.5	1.5
Net Assets:		
Investment in Capital Assets, net of Related Debt	4.8	4.4
Restricted Net Assets	0.5	0.9
Unrestricted Net Assets	1.1	1.6
Total Net Assets	6.4	6.9
Total Liabilities and Net Assets	\$ 7.9	\$ 8.4

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

**ERIE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year Ended June 30, 2009**

**TABLE 1
STATEMENT OF NET ASSETS
Component Units**

	<u>2009</u>	<u>2008</u>
Current Assets	\$ 0.4	\$ 0.3
Capital Assets	<u>0.0</u>	<u>0.0</u>
 Total Assets	 <u>\$ 0.4</u>	 <u>\$ 0.3</u>
 Current Liabilities	 \$ 0.0	 \$ 0.0
Long-Term Liabilities	<u>0.1</u>	<u>0.0</u>
 Total Liabilities	 <u>0.1</u>	 <u>0.0</u>
 Net Assets:		
Investment in Capital Assets, net of Related Debt	0.0	0.0
Unrestricted Net Assets	<u>0.3</u>	<u>0.3</u>
 Total Net Assets	 <u>0.3</u>	 <u>0.3</u>
 Total Liabilities and Net Assets	 <u>\$ 0.4</u>	 <u>\$ 0.3</u>

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

Major Factors Affecting the Statement of Net Assets

During 2009, the Authority's current and other assets decreased by \$.9 million and current liabilities remained stable. The decrease in the total net assets is due largely to having expended the proceeds from the Capital Fund Financing Program to be used for the continued renovations at the Bayshore Towers. The component unit's liabilities remained stable with a slight increase.

Capital assets of the Authority also changed, increasing from \$5.5 million to \$5.9 million and the component units remained the same. For more detail see "Capital Assets" on page 12.

Table 2 presents details on the change in Unrestricted Net Assets

**ERIE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year Ended June 30, 2009**

TABLE 2

CHANGE OF UNRESTRICTED NET ASSETS

	<u>Erie Metropolitan Housing Authority</u>		
	<u>Investment in Capital Assets</u>	<u>Restricted Net Assets</u>	<u>Unrestricted Net Assets</u>
Beginning Balance - June 30, 2008	\$4.4	\$0.9	\$1.6
Results of Operation	0.0	0.0	(0.5)
Adjustments:			
Current year Depreciation Expense (1)	(0.5)	0.0	0.5
Current year Capital Additions	0.8	0.0	(0.8)
Current year Debt Activities, Net	0.0	0.0	(0.0)
Transfer to Restricted Net Assets	0.1	(0.4)	0.3
Ending Balance - June 30, 2009	<u>\$4.8</u>	<u>\$0.5</u>	<u>\$1.1</u>

	<u>Component Unit</u>		
	<u>Investment in Capital Assets</u>	<u>Restricted Net Assets</u>	<u>Unrestricted Net Assets</u>
Beginning Balance - June 30, 2008	\$0.0	\$0.0	\$0.3
Results of Operation	0.0	0.0	0.1
Adjustments:			
Current year Depreciation Expense (1)	(0.0)	0.0	0.0
Current year Capital Additions	0.0	0.0	0.0
Current year Debt Activities, Net	0.0	0.0	0.0
Transfer to Restricted Net Assets	0.0	0.0	(0.0)
Ending Balance - June 30, 2009	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.3</u>

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

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Assets provides a clearer change in financial well-being.

**ERIE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year Ended June 30, 2009**

TABLE 3

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

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

Table 3 - Statement of Revenue, Expenses & Changes in Net Assets

<u>Erie Metropolitan Housing Authority</u>	<u>2009</u>	<u>2008</u>
	(in millions of dollars)	(in millions of dollars)
<u>Revenues</u>		
Tenant Revenue - Rents and Other	\$ 0.3	\$ 0.3
Operating Subsidies and Grants	6.8	7.0
Capital Grants	0.1	0.1
Investment Income	0.0	0.1
Other Revenues	0.4	0.4
	<hr/>	<hr/>
Total Revenues	7.6	7.9
	<hr/>	<hr/>
<u>Expenses</u>		
Administrative and Tenant Services	1.0	1.0
Utilities	0.2	0.2
Maintenance	0.9	0.8
General and Other Expenses	0.3	0.3
Housing Assistance Payments	5.2	4.9
Depreciation	0.5	0.5
	<hr/>	<hr/>
Total Expenses	8.1	7.7
	<hr/>	<hr/>
Net Increases (Decreases)	\$ (0.5)	\$ 0.2
	<hr/> <hr/>	<hr/> <hr/>

**ERIE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year Ended June 30, 2009**

	<u>Component Units</u>	
	<u>2009</u>	<u>2008</u>
<u>Revenues</u>		
Tenant Revenue - Rents and Other	\$ 0.0	\$ 0.0
Operating Subsidies and Grants	0.0	0.0
Capital Grants	0.0	0.0
Investment Income	0.0	0.0
Other Revenues	0.2	0.2
	<u>0.2</u>	<u>0.2</u>
Total Revenues	<u>0.2</u>	<u>0.2</u>
<u>Expenses</u>		
Administrative and Tenant Services	0.1	0.1
Utilities	0.0	0.0
Maintenance	0.0	0.0
General and Other Expenses	0.0	0.0
Housing Assistance Payments	0.0	0.0
Depreciation	0.0	0.0
	<u>0.1</u>	<u>0.1</u>
Total Expenses	<u>0.1</u>	<u>0.1</u>
Net Increases (Decreases)	<u>\$ 0.1</u>	<u>\$ 0.1</u>

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

Tenant revenue decreased slightly during 2009 in comparison to 2008. Operating Subsidies and Grants decreased by \$.2 million while Capital Grants remained stable. The component unit revenue remained stable during 2009.

Most expenses remained stable due to cost saving measures including lay-offs and employee benefit reductions. Slight increase occurred in maintenance expense due to expenditures on the Physical Needs Assessment costs. Housing Assistance Payments increased in 2009 due to an increase in the fair market rents resulting in larger contract rents paid to landlords and a decrease in the tenant income due to economic conditions. Also Housing Assistance Payments increased due to 100% leasing.

**ERIE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year Ended June 30, 2009**

CAPITAL ASSETS

As of year end, the Authority had \$5.9 million invested in a variety of capital assets and the component units had less than \$.1 million, as reflected in the following schedule, which represents a net increase (addition, deductions and depreciation) of \$.4 million for the Authority and less than \$.1 million for the component units in comparison with prior year.

TABLE 4

<u>Erie Metropolitan Housing Authority</u>			
	<u>2009</u>		<u>2008</u>
Land and Land Rights	\$ 0.7	\$	0.7
Buildings and Improvements	12.9		12.5
Equipment	0.6		0.7
Accumulated Depreciation	(9.4)		(9.0)
Construction in Progress	<u>1.1</u>		<u>0.6</u>
 Total	 <u>\$ 5.9</u>	 <u>\$</u>	 <u>5.5</u>

<u>Component Units</u>			
	<u>2009</u>		<u>2008</u>
Land and Land Rights	\$ 0.0	\$	0.0
Buildings	0.0		0.0
Equipment	0.1		0.0
Accumulated Depreciation	(0.0)		(0.0)
Construction in Progress	<u>0.0</u>		<u>0.0</u>
 Total	 <u>\$ 0.0</u>	 <u>\$</u>	 <u>0.0</u>

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

**ERIE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year Ended June 30, 2009**

TABLE 5

Table 5 - Changes in Capital Assets

	<u>EMHA</u>	<u>Component Unit</u>
Beginning Balance - June 30, 2008	\$ 5.5	\$ 0.0
Current year Additions	0.8	0.0
Current year Depreciation Expense	(0.5)	(0.0)
Disposal of Assets	0.0	0.0
Rounding Adjustment	0.1	0.0
	<hr/>	<hr/>
Ending Balance - June 30, 2009	\$ 5.9	\$ 0.0

	<u>EMHA</u>	<u>Component Unit</u>
Current year Additions are summarized as follows:		
- Two Ford F-150 Trucks	\$ 0.0	\$ 0.0
- Appliances	0.1	0.0
- Building Improvements	0.8	0.0
- Office Equipment	0.1	0.0
	<hr/>	<hr/>
Total 2009 Additions	\$ 1.0	\$ 0.0

This year's major additions primarily capital expenditures related to modernizing the Authority's housing developments. Also a small amount of equipment was purchased.

DEBT

As of year-end, the Authority had \$1.1 million in debt (bonds, notes, etc.) outstanding. The current year debt decrease by a minor portion due to the principal payment made. There was no new debt issued for the year. The following is a comparison of the Authority's debt outstanding at year end 2009 and year end 2008.

**ERIE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year Ended June 30, 2009**

Table 6 - Condensed Statement of Changes in Debt Outstanding

	<u>EMHA</u>	<u>Component Unit</u>
Beginning Balance - June 30, 2008	\$ 1.1	\$ 0.0
Current Year Debt Issued	0.0	0.0
Current Year Principal Payments	(0.0)	0.0
	1.1	0.0
Ending Balance - June 30, 2009	\$ 1.1	\$ 0.0

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding provide by Congress to 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

FINANCIAL CONTACT

The individual to be contacted regarding this report is Cheryl L. Ward, Finance Director of the Erie Metropolitan Housing Authority at (419) 625-0262, extension #1112. Specific requests may be submitted to the Erie Metropolitan Housing Authority at 322 Warren Street, Sandusky, Ohio 44870.

ERIE METROPOLITAN HOUSING AUTHORITY
Statement of Net Assets
Proprietary Funds
June 30, 2009

	<i>Enterprise Fund</i>	<i>Component Units</i>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,210,043	\$ 300,186
Cash restricted	645,337	-
Receivables, net	89,086	35,657
Inventories, net	27,444	8,243
Prepaid expenses and other assets	66,224	33,149
Due from Component Unit	5,908	-
Total current assets	2,044,042	377,235
Noncurrent assets		
Capital assets:		
Land	670,110	-
Building and equipment	13,459,103	51,048
Less accumulated depreciation	(9,384,045)	(47,762)
Construction in progress	1,123,039	-
Total noncurrent assets	5,868,207	3,286
Total assets	\$7,912,249	\$380,521
LIABILITIES		
Current liabilities		
Accounts payable	\$ 176,171	\$ 24,414
Accrued liabilities	22,121	73
Tenant security deposits	24,250	-
Deferred revenue	16,012	15,000
Mortgage revenue bond (current)	40,000	-
Other current liabilities	77,558	-
Due to Primary Government	-	5,908
Total current liabilities	356,112	45,395

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

ERIE METROPOLITAN HOUSING AUTHORITY
Statement of Net Assets (Continued)
Proprietary Funds
June 30, 2009

	<i>Enterprise Fund</i>	<i>Component Units</i>
Noncurrent liabilities		
Accrued compensated absences non-current	113,401	7,106
Mortgage revenue bond (noncurrent)	1,035,454	-
Noncurrent liabilities - other	22,708	-
Total noncurrent liabilities	1,171,563	7,106
Total liabilities	\$1,527,675	\$52,501
 NET ASSETS		
Invested in capital assets, net of related debt	\$ 4,792,753	\$ 3,286
Restricted net assets	524,983	-
Unrestricted net assets	1,066,838	324,734
Total net assets	\$6,384,574	\$328,020

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

ERIE METROPOLITAN HOUSING AUTHORITY
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2009

	<i>Enterprise Fund</i>	<i>Component Units</i>
	<hr/>	<hr/>
OPERATING REVENUES		
Tenant Revenue	\$ 315,014	\$ -
Government operating grants	6,831,444	-
Other revenue	436,433	216,376
Total operating revenues	<hr/> 7,582,891 <hr/>	<hr/> 216,376 <hr/>
 OPERATING EXPENSES		
Administrative	1,008,887	108,646
Tenant services	64,578	-
Utilities	240,558	85
Maintenance	876,099	42,849
Protective services	59,936	-
General	181,578	5,112
Housing assistance payment	5,238,150	-
Depreciation	507,089	4,788
Total operating expenses	<hr/> 8,176,875 <hr/>	<hr/> 161,480 <hr/>
Operating income (loss)	<hr/> (593,984) <hr/>	<hr/> 54,896 <hr/>
 NONOPERATING REVENUES (EXPENSES)		
Interest and investment revenue	49,852	1,952
Interest expense	(98,686)	-
Loss from disposal of asset	(575)	-
Total nonoperating revenues (expenses)	<hr/> (49,409) <hr/>	<hr/> 1,952 <hr/>
Income (loss) before contributions and transfers	(643,393)	56,848
 Capital grants	100,442	-
Change in net assets	(542,951)	56,848
Total net assets - beginning	6,927,525	271,172
Total net assets - ending	<hr/> \$6,384,574 <hr/>	<hr/> \$328,020 <hr/>

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

ERIE METROPOLITAN HOUSING AUTHORITY
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2009

	<i>Enterprise Fund</i>	<i>Component Units</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating grants received	\$6,944,425	\$0
Tenant revenue received	309,683	0
Other revenue received	440,898	221,700
Housing assistance payments made	(5,238,150)	0
General and administrative expenses paid	(2,420,930)	(146,727)
	35,926	74,973
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital grant funds received	100,442	0
Proceeds from sale of assets	800	0
Retirement of debt	(35,000)	0
Interest paid on Debt	(98,686)	0
Property and equipment purchased	(825,472)	0
Net cash provided (used) by capital and related financing activities	(857,916)	0
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	52,452	1,952
Net cash provided (used) by investing activities	52,452	1,952
Net increase (decrease) in cash	(769,538)	76,925
Cash and cash equivalents - Beginning of year	2,624,918	223,261
Cash and cash equivalents - End of year	\$1,855,380	\$300,186

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

ERIE METROPOLITAN HOUSING AUTHORITY
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2009

	<i>Enterprise Fund</i>	<i>Component Units</i>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net Operating Income (Loss)	(\$593,984)	\$54,896
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities		
- Depreciation	507,089	4,788
- (Increases) Decreases in Accounts Receivable	103,159	5,324
- (Increases) Decreases in Inventory	(5,744)	1,249
- (Increases) Decreases in Prepaid Assets	(9,778)	308
- (Increases) Decreases in Due from Component Unit	(5,908)	0
- Increases (Decreases) in Accounts Payable	28,393	2,427
- Increases (Decreases) in Accrued Wages and Taxes Payable	2,633	(638)
- Increases (Decreases) in Compensated Absences Payable	11,606	711
- Increases (Decreases) in Deferred Revenue	15,362	0
- Increases (Decreases) in Other Current Liabilities	(24,661)	0
- Increases (Decreases) in Tenant Security Deposits	2,395	0
- Increases (Decreases) in Other Non-Current Liabilities	5,364	0
- Increases (Decreases) in Payable to Primary Government	0	5,908
	<u>\$35,926</u>	<u>\$74,973</u>
Net cash provided by operating activities	<u>\$35,926</u>	<u>\$74,973</u>

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

ERIE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

The financial statements of the Erie Metropolitan Housing Authority (the Authority) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the Authority's accounting policies are described below.

Reporting Entity

The Erie Metropolitan Housing Authority was created under the Ohio Revised Code, Section 3735.27. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate.

The accompanying basic financial statements comply with the provision of Governmental Accounting Standards Board (GASB) Statement 14, the Financial Reporting Entity, in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

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

ERIE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The accompanying financial statements present the Authority's primary government and the Erie County Senior Center Gift Store, component unit, which the Authority exercises, significant control.

Component Units

The component unit is reported in the Authority financial statements as shown below:

Discretely Presented Component Unit
Erie County Senior Center Gift Store

Brief Description and Relationship
The Housing Authority board members represent a majority of the Erie County Senior Center therefore; it can significantly influence the activities. Also, the Authority staffs run the day to day operation which gives the Authority the responsibility for any financial support if necessary.

Basis of Presentation

The Authority's financial statements consist of a statement of net assets, a statement of revenue, expenses and changes in net assets, and a statement of cash flows.

Fund Accounting

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

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

ERIE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Fund Types

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

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

Measurement Focus/Basis of Accounting

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

Description of programs

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

A. Public Housing Program

The public housing program is designed to provide low-cost housing within the Erie County. Under this program, HUD provides funding via an annual contribution contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the program.

B. Capital Fund Program

The capital fund program provides funds annually, via a formula, to Public Housing Agencies for capital and management activities, including modernization and development housing.

ERIE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Housing Choice Voucher Program

The Housing Choice Voucher Program was authorized by Section 8 of the National Housing Act and provides housing assistance payments to private, not-for-profit or public landlords to subsidize rentals for low-income persons.

D. Special Program for the Aging – Title III C

Under the title III-C Program, the Authority oversees the administration of the nutrition program by the Erie County Senior Center. Funding is received from the Area Office on Aging of Northwest Ohio, Inc. through the Department of Health and Human Services to provide nutritionally balance meals to residents of Erie County age 60 and older. Meals are provided for a donation only.

E. Special Program for the Aging – Title III B

This program provides services for the elderly of Erie County for transportation, escort, education, information & referral, volunteer placement, health assessments and socialization. Funding is received through the Area Office on Aging of Northwest Ohio, Inc. from the Department of Health and Human Services.

F. Business Activities

This program represents non-HUD resources derived from the management fees of the Erie Community Plaza, Inc.

Investments

The provisions of the HUD Regulations restrict investments. Investments are valued at market value. Interest income earned in fiscal year ending June 30, 2009 totaled \$49,852 for the primary government and \$1,952 for component unit.

Capital Assets

Capital assets are stated at cost. The capitalization policy of the Authority is to depreciate all non-expendable personal property having a useful life of more than one year and purchase price of \$500 or more per unit. Depreciation is calculated using the straight-line method over the estimated useful lives of three years to forty years. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized.

ERIE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets – net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are recorded as restricted when there are limitations imposed on their use by internal or external restrictions.

Operating Revenues and Expenses

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

Cash and Cash Equivalents

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

Restricted Cash

Restricted cash balance as of June 30, 2009 represents cash on hand for the following:

	<u>EMHA</u>	Component <u>Units</u>
- Modernization and development	\$96,104	\$0
- Tenant security deposit	24,250	0
- Cash on hand to be used for tenants housing assistance payments	524,983	0
	\$645,337	\$0
Total Restricted Cash	\$645,337	\$0

Compensated Absences

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

ERIE METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2009
 (CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences (continued)

the termination policy of the Authority for years of service are included in the calculation of the compensated absence accrual amount.

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

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

The following is a summary of changes in compensated absence for the year ended June 30, 2009:

Description	Balance 06/30/08	Additions	Adjust / Deletion	Balance 06/30/09	Due In One Year
Compensated Absence Payable	\$127,999	\$66,764	(\$54,447)	\$140,316	\$19,809
Total	\$127,999	\$66,764	(\$54,447)	\$140,316	\$19,809

Capital Contributions

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

Budgetary Accounting

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

Estimates

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

ERIE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(CONTINUED)

NOTE 2: CASH AND INVESTMENTS

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

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

Inactive deposits are public deposits identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit 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 deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by collateral held by Authority or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Primary Government

At fiscal year end June 30, 2009, the carrying amount of the Authority's deposits totaled \$1,855,380 and its bank balance was \$2,008,392. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of June 30, 2009, \$1,449,473 was exposed to custodial risk as discussed below, while \$558,919 was covered by the Federal Depository Insurance Corporation.

Component Unit

At year end the carrying amount of the component unit deposit was \$300,186 and the bank balance was \$300,186. This amount was covered by the specific collateral pledged held at the Federal Reserve Bank in the name of the Authority.

Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover the deposits. 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

ERIE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(CONTINUED)

NOTE 2: CASH AND INVESTMENTS (continued)

institution collateral pools at the 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.

NOTE 3: NOTE TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

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

NOTE 4: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2009 the Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

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

NOTE 5: CAPITAL ASSETS

The following is a summary of the capital assets:

	Primary Government				Balance 06/30/09
	Balance 06/30/08	Adjust.	Additions	Deletion	
Capital Assets Not Depreciated:					
Land	\$670,110	\$0	\$0	\$0	\$670,110
Construction in Progress	661,152	0	461,887	0	1,123,039
Total Capital Assets Not Being Depreciated	1,331,262	0	461,887	0	1,793,149

ERIE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(CONTINUED)

NOTE 5: CAPITAL ASSETS (continued)

	Primary Government				Balance 06/30/09
	Balance 06/30/08	Adjust.	Additions	Deletion	
Capital Assets Being Depreciated:					
Buildings	12,560,358	0	292,668	0	12,853,026
Furniture, Mach. & Equip	590,523	0	70,917	(55,363)	606,077
Total Capital Assets Being Depreciated	13,150,881	0	363,585	(55,363)	13,459,103
Accumulated Depreciated:					
Buildings	(8,444,402)	0	(481,663)	0	(8,926,065)
Furniture, Mach. & Equip	(492,830)	5,488	(25,426)	54,788	(457,980)
Total Accumulated Depreciated	(8,937,232)	5,488	(507,089)	54,788	(9,384,045)
Total Capital Assets Being Depreciated, Net	4,213,649	5,488	(143,504)	(575)	4,075,058
Total Primary Government	\$5,544,911	\$5,488	\$318,383	(\$575)	\$5,868,207

	Component Unit			
	Balance 06/30/08	Adjust / Additions	Adjust / Deletion	Balance 06/30/09
Capital Assets Being Depreciated:				
Furniture, Mach. & Equip	\$57,453	\$0	(\$6,405)	\$51,048
Total Capital Assets Being Depreciated	57,453	0	(6,405)	51,048
Accumulated Depreciated:				
Furniture, Mach. & Equip	(49,379)	(4,788)	6,405	(47,762)
Total Accumulated Depreciated	(49,379)	(4,788)	6,405	(47,762)
Total Capital Assets Being Depreciated, Net	8,074	(4,788)	0	3,286
Total Component Unit	\$8,074	(\$4,788)	\$0	\$3,286

ERIE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(CONTINUED)

**NOTE 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 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) 466-2085 or (800) 222-PERS.

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

1. The Traditional Pension Plan – A cost sharing, multiple-employer defined benefit pension plan.
2. The Member-Direct 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-Direct 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 pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefits 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.

Plan members are required to contribute 10.0 percent of their annual covered salary to fund pension obligations and the employer contribution rate was 14.0 percent. The contribution rates are determined actuarially. The authority required contributions to OPERS for the years ended June 30, 2009, 2008, and 2007 were \$137,233, \$130,765, and \$133,045, respectively. Ninety-Three percent has been contributed for 2009. All required contributions for the two previous years have been paid.

ERIE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(CONTINUED)

**NOTE 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 retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. 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 the 2007 employer contribution rate (identified above) that was used to fund health care for the year ended June 30, 2009 was 7.0 percent of covered payroll, which amounted to \$68,616. The significant actuarial assumptions and calculations relating to post-employment health care benefits were based on the OPERS' latest actuarial review performed as of December 31, 2007. 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 2007 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 and 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 .5% to 4.0% for the next 7 years. In subsequent years (8 and beyond), health care costs were assumed to increase at 4% (the projected wage inflation rate).

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 364,076. The actuarial value of the OPERS' net assets available for OPEB at December 31, 2007 was \$12.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$29.8 billion and \$17.0 billion, respectively.

ERIE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(CONTINUED)

NOTE 8: DEBT

Note dated July, 17, 2007, due June 2027, funded by a bond issue in the principal amount of \$40,532,000, of which EMHA's share is \$1,160,454. Repayment of the loan funded through contributions from HUD under the Capital Fund Program and investment earnings. Payment made by reducing the Capital Fund Program subsidy due EMHA. Payments are due semi-annually beginning October 1, 2007, totaling approximately \$90,000 annually. Serial bonds issued with fixed interest rates between 3.90% and 4.67%. The bonds were issued to provide major renovations at Bayshore towers. The outstanding balance as of June 30, 2009 is \$1,075,454.

The following is a summary of changes in long-term debt for the year ended June 30, 2009:

DESCRIPTION	BALANCE 06/30/08	ISSUED	RETIRED	BALANCE 06/30/09
Ohio Housing Finance Agency	\$1,110,454	\$0	\$35,000	\$1,075,454
TOTAL	\$1,110,454	\$0	\$35,000	\$1,075,454

Debt maturities for the next five years are estimated as follows:

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
June 30, 2010	\$40,000	\$51,226
2011	40,000	49,626
2012	40,000	47,826
2013	45,000	46,026
2014	45,000	44,000
2015 – 2019	260,000	183,500
2020 – 2024	330,000	112,750
2025 – 2029	275,454	24,750
Total	\$1,075,454	\$559,704

NOTE 9: CONTINGENCIES

Litigations and Claims

In the normal course of operations the PHA may be subject to litigation and claims. At June 30, 2009 the PHA was involved in such matters. While the outcome of these matters cannot presently be determined, management believes that their ultimate resolution will not have a material effect on the financial statements.

Erie Metropolitan Housing Authority
FDS Schedule Submitted to REAC
Proprietary Fund Type - Enterprise Fund
June 30, 2009

	Project Total	State/Local	Component Unit	Housing Choice Vouchers	Title III Part B	Title III Part C	COCC	ELIM	Total
111 Cash - Unrestricted	\$ 693,245	\$ 349	\$ 96,570	\$ 199,357	\$ -	\$ 6,710	\$ 310,382	\$ -	\$ 1,306,613
112 Cash - Restricted - Modernization	\$ 96,104	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 96,104
113 Cash - Other Restricted	\$ -	\$ -	\$ -	\$ 524,983	\$ -	\$ -	\$ -	\$ -	\$ 524,983
114 Cash - Tenant Security Deposits	\$ 24,250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,250
100 Total Cash	\$ 813,599	\$ 349	\$ 96,570	\$ 724,340	\$ -	\$ 6,710	\$ 310,382	\$ -	\$ 1,951,950
122 Accounts Receivable - HUD Other Projects	\$ 15,313	\$ -	\$ -	\$ 16,762	\$ -	\$ -	\$ -	\$ -	\$ 32,075
125 Accounts Receivable - Miscellaneous	\$ 406	\$ -	\$ 34,638	\$ -	\$ 11,671	\$ 24,012	\$ 3,370	\$ -	\$ 74,097
126 Accounts Receivable - Tenants	\$ 19,973	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,973
126.1 Allowance for Doubtful Accounts - Tenants	\$ (16,280)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (16,280)
128 Fraud Recovery	\$ -	\$ -	\$ -	\$ 377,034	\$ -	\$ -	\$ -	\$ -	\$ 377,034
128.1 Allowance for Doubtful Accounts - Fraud	\$ -	\$ -	\$ -	\$ (368,777)	\$ -	\$ -	\$ -	\$ -	\$ (368,777)
129 Accrued Interest Receivable	\$ -	\$ -	\$ 1,019	\$ -	\$ -	\$ -	\$ 5,602	\$ -	\$ 6,621
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$ 19,412	\$ -	\$ 35,657	\$ 25,019	\$ 11,671	\$ 24,012	\$ 8,972	\$ -	\$ 124,743
131 Investments - Unrestricted	\$ -	\$ -	\$ 203,616	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 203,616
142 Prepaid Expenses and Other Assets	\$ 7,136	\$ -	\$ 33,149	\$ 39,313	\$ 192	\$ 172	\$ 19,411	\$ -	\$ 99,373
143 Inventories	\$ 13,698	\$ -	\$ 8,243	\$ -	\$ -	\$ 8,872	\$ 6,508	\$ -	\$ 37,321
143.1 Allowance for Obsolete Inventories	\$ (1,634)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,634)
144 Inter Program Due From	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,225	\$ (44,225)	\$ -
150 Total Current Assets	\$ 852,211	\$ 349	\$ 377,235	\$ 788,672	\$ 11,863	\$ 39,766	\$ 389,498	\$ (44,225)	\$ 2,415,369
161 Land	\$ 640,845	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,265	\$ -	\$ 670,110
162 Buildings	\$ 12,308,861	\$ -	\$ -	\$ 39,277	\$ -	\$ -	\$ 504,888	\$ -	\$12,853,026
163 Furniture, Equipment & Machinery - Dwellings	\$ 94,392	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 94,392
164 Furniture, Equipment & Machinery - Administration	\$ 162,955	\$ -	\$ 51,048	\$ 87,660	\$ -	\$ 8,147	\$ 252,923	\$ -	\$ 562,733
166 Accumulated Depreciation	\$ (8,767,746)	\$ -	\$ (47,762)	\$ (96,243)	\$ -	\$ (8,147)	\$ (511,909)	\$ -	\$ (9,431,807)
167 Construction in Progress	\$ 1,123,039	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,123,039

Erie Metropolitan Housing Authority
FDS Schedule Submitted to REAC
Proprietary Fund Type - Enterprise Fund
June 30, 2009

	Project Total	State/Local	Component Unit	Housing Choice Vouchers	Title III Part B	Title III Part C	COCC	ELIM	Total
160 Total Capital Assets, Net of Accumulated Depreciation	\$ 5,562,346	\$ -	\$ 3,286	\$ 30,694	\$ -	\$ -	\$ 275,167	\$ -	\$ 5,871,493
190 Total Assets	\$ 6,414,557	\$ 349	\$ 380,521	\$ 819,366	\$ 11,863	\$ 39,766	\$ 664,665	\$ (44,225)	\$ 8,286,862
312 Accounts Payable <= 90 Days	\$ 86,931	\$ -	\$ 24,414	\$ 17,175	\$ 662	\$ 10,184	\$ 61,219	\$ -	\$ 200,585
321 Accrued Wage/Payroll Taxes Payable	\$ -	\$ -		\$ -	\$ -	\$ -	\$ 2,385	\$ -	\$ 2,385
322 Accrued Compensated Absences - Current Portion	\$ 3,006	\$ -	\$ 73	\$ 5,037	\$ 336	\$ 599	\$ 10,758	\$ -	\$ 19,809
341 Tenant Security Deposits	\$ 24,250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,250
342 Deferred Revenues	\$ 16,012	\$ -	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,012
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$ 40,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,000
345 Other Current Liabilities	\$ -	\$ -	\$ -	\$ 8,257	\$ -	\$ -	\$ 69,301	\$ -	\$ 77,558
347 Inter Program - Due To	\$ -	\$ -	\$ 5,908	\$ 23,707	\$ 3,834	\$ 10,776	\$ -	\$ (44,225)	\$ -
310 Total Current Liabilities	\$ 170,199	\$ -	\$ 45,395	\$ 54,176	\$ 4,832	\$ 21,559	\$ 143,663	\$ (44,225)	\$ 395,599
351 Capital Projects/Mortgage Revenue Bonds	\$ 1,035,454	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,035,454
353 Non-current Liabilities - Other	\$ 6,735	\$ -	\$ -	\$ 15,973	\$ -	\$ -	\$ -	\$ -	\$ 22,708
354 Accrued Compensated Absences - Non Current	\$ 12,581	\$ -	\$ 7,106	\$ 33,892	\$ 7,031	\$ 18,207	\$ 41,690	\$ -	\$ 120,507
350 Total Non-Current Liabilities	\$ 1,054,770	\$ -	\$ 7,106	\$ 49,865	\$ 7,031	\$ 18,207	\$ 41,690	\$ -	\$ 1,178,669
300 Total Liabilities	\$ 1,224,969	\$ -	\$ 52,501	\$ 104,041	\$ 11,863	\$ 39,766	\$ 185,353	\$ (44,225)	\$ 1,574,268
508.1 Invested In Capital Assets, Net of Related Debt	\$ 4,486,892	\$ -	\$ 3,286	\$ 30,694	\$ -	\$ -	\$ 275,167	\$ -	\$ 4,796,039
511.1 Restricted Net Assets	\$ -	\$ -	\$ -	\$ 524,983	\$ -	\$ -	\$ -	\$ -	\$ 524,983
512.1 Unrestricted Net Assets	\$ 702,696	\$ 349	\$ 324,734	\$ 159,648	\$ -	\$ -	\$ 204,145	\$ -	\$ 1,391,572
513 Total Equity/Net Assets	\$ 5,189,588	\$ 349	\$ 328,020	\$ 715,325	\$ -	\$ -	\$ 479,312	\$ -	\$ 6,712,594
600 Total Liabilities and Equity/Net Assets	\$ 6,414,557	\$ 349	\$ 380,521	\$ 819,366	\$ 11,863	\$ 39,766	\$ 664,665	\$ (44,225)	\$ 8,286,862

Erie Metropolitan Housing Authority
FDS Schedule Submitted to REAC
Proprietary Fund Type - Enterprise Fund
June 30, 2009

	Project Total	State/Local	Component Unit	Housing Choice Vouchers	Title III Part B	Title III Part C	COCC	ELIM	Total
70300 Net Tenant Rental Revenue	\$ 295,572	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 295,572
70400 Tenant Revenue - Other	\$ 19,442	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,442
70500 Total Tenant Revenue	\$ 315,014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 315,014
70600 HUD PHA Operating Grants	\$ 1,129,118	\$ -	\$ -	\$ 5,462,893	\$ -	\$ -	\$ -	\$ -	\$ 6,592,011
70610 Capital Grants	\$ 100,442	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,442
70710 Management Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 185,519	\$ (185,519)	\$ -
70720 Asset Management Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,350	\$ (28,350)	\$ -
70730 Book Keeping Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,143	\$ (21,143)	\$ -
70740 Front Line Service Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 101,951	\$ (101,951)	\$ -
70750 Other Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,440	\$ -	\$ 61,440
70700 Total Fee Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 398,403	\$ (336,963)	\$ 61,440
70800 Other Government Grants	\$ -	\$ -	\$ -	\$ -	\$ 49,569	\$ 189,864	\$ -	\$ -	\$ 239,433
71100 Investment Income - Unrestricted	\$ 35,832	\$ -	\$ 1,952	\$ 543	\$ -	\$ -	\$ 9,004	\$ -	\$ 47,331
71300 Proceeds from Disposition of Assets	\$ 800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 800
71400 Fraud Recovery	\$ -	\$ -	\$ -	\$ 11,427	\$ -	\$ -	\$ -	\$ -	\$ 11,427
71500 Other Revenue	\$ 56,844	\$ 5,345	\$ 216,376	\$ 1,624	\$ 62,726	\$ 235,927	\$ 300	\$ -	\$ 579,142
71600 Gain or Loss on Sale of Capital Assets	\$ (575)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (575)
72000 Investment Income - Restricted	\$ -	\$ -	\$ -	\$ 4,473	\$ -	\$ -	\$ -	\$ -	\$ 4,473
70000 Total Revenue	\$ 1,637,475	\$ 5,345	\$ 218,328	\$ 5,480,960	\$ 112,295	\$ 425,791	\$ 407,707	\$ (336,963)	\$ 7,950,938
91100 Administrative Salaries	\$ 73,479	\$ -	\$ 79,328	\$ 251,408	\$ 60,290	\$ 158,957	\$ 202,007	\$ (51,932)	\$ 773,537
91200 Auditing Fees	\$ 2,224	\$ -	\$ 159	\$ 9,873	\$ 1,538	\$ 18	\$ 648	\$ -	\$ 14,460
91300 Management Fee	\$ 185,519	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (185,519)	\$ -
91310 Book-keeping Fee	\$ 21,143	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (21,143)	\$ -
91400 Advertising and Marketing	\$ 3,111	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32	\$ -	\$ 3,143
91500 Employee Benefit contributions - Administrative	\$ 16,697	\$ -	\$ 14,146	\$ 66,722	\$ 17,297	\$ 42,234	\$ 38,266	\$ -	\$ 195,362
91600 Office Expenses	\$ 2,081	\$ -	\$ 4,317	\$ 41,138	\$ 11,753	\$ 518	\$ 14,050	\$ (49,207)	\$ 24,650
91700 Legal Expense	\$ 9,244	\$ -	\$ 202	\$ 14,328	\$ 33	\$ 29	\$ 416	\$ -	\$ 24,252
91800 Travel	\$ 7,347	\$ -	\$ 10,494	\$ 13,440	\$ -	\$ 284	\$ 5,707	\$ -	\$ 37,272
91900 Other	\$ 37,478	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,191	\$ (812)	\$ 44,857
91000 Total Operating - Administrative	\$ 358,323	\$ -	\$ 108,646	\$ 396,909	\$ 90,911	\$ 202,040	\$ 269,317	\$ (308,613)	\$ 1,117,533

Erie Metropolitan Housing Authority
FDS Schedule Submitted to REAC
Proprietary Fund Type - Enterprise Fund
June 30, 2009

	Project Total	State/Local	Component Unit	Housing Choice Vouchers	Title III Part B	Title III Part C	COCC	ELIM	Total
92000 Asset Management Fee	\$ 28,350	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (28,350)	\$ -
92100 Tenant Services - Salaries	\$ 15,440	\$ -	\$ -	\$ 32,194	\$ -	\$ -	\$ -	\$ -	\$ 47,634
92300 Employee Benefit Contributions - Tenant	\$ 4,631	\$ -	\$ -	\$ 3,052	\$ -	\$ -	\$ -	\$ -	\$ 7,683
92400 Tenant Services - Other	\$ 9,261	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,261
92500 Total Tenant Services	\$ 29,332	\$ -	\$ -	\$ 35,246	\$ -	\$ -	\$ -	\$ -	\$ 64,578
93100 Water	\$ 7,404	\$ -	\$ 1	\$ 68	\$ 4	\$ 4	\$ 24	\$ -	\$ 7,505
93200 Electricity	\$ 106,440	\$ -	\$ 63	\$ 4,697	\$ 270	\$ 239	\$ 1,645	\$ -	\$ 113,354
93300 Gas	\$ 101,897	\$ -	\$ 19	\$ 1,402	\$ 77	\$ 75	\$ 491	\$ -	\$ 103,961
93600 Sewer	\$ 15,627	\$ -	\$ 2	\$ 133	\$ 8	\$ 7	\$ 46	\$ -	\$ 15,823
93000 Total Utilities	\$ 231,368	\$ -	\$ 85	\$ 6,300	\$ 359	\$ 325	\$ 2,206	\$ -	\$ 240,643
94100 Ordinary Maintenance and Operations - Labor	\$ 101,391	\$ -	\$ -	\$ 1,295	\$ -	\$ -	\$ 467	\$ -	\$ 103,153
94200 Ordinary Maintenance and Operations - Materials and Other	\$ 90,897	\$ -	\$ 11,292	\$ 450	\$ 11,434	\$ 207,212	\$ 748	\$ -	\$ 322,033
94300 Ordinary Maintenance and Operations Contracts	\$ 298,210	\$ -	\$ 31,557	\$ 100,775	\$ 4,663	\$ 12,094	\$ 22,062	\$ -	\$ 469,361
94500 Employee Benefit Contributions - Ordinary Maintenance	\$ 24,263	\$ -	\$ -	\$ 21	\$ -	\$ -	\$ 117	\$ -	\$ 24,401
94000 Total Maintenance	\$ 514,761	\$ -	\$ 42,849	\$ 102,541	\$ 16,097	\$ 219,306	\$ 23,394	\$ -	\$ 918,948
95200 Protective Services - Other Contract Costs	\$ 54,936	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59,936
95000 Total Protective Services	\$ 54,936	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59,936
96110 Property Insurance	\$ 107,722	\$ -	\$ 21	\$ 1,452	\$ 68	\$ 92	\$ 509	\$ -	\$ 109,864
96120 Workmen's Compensation	\$ 820	\$ -	\$ 1,122	\$ 1,153	\$ 320	\$ 1,300	\$ 568	\$ -	\$ 5,283
96130 Workmen's Compensation	\$ 2,710	\$ -	\$ 855	\$ 3,025	\$ 644	\$ 1,714	\$ 1,466	\$ -	\$ 10,414
96140 All Other Insurance	\$ 12,045	\$ -	\$ 2,985	\$ 1,016	\$ 3,460	\$ 64	\$ 1,820	\$ -	\$ 21,390
96100 Total insurance Premiums	\$ 123,297	\$ -	\$ 4,983	\$ 6,646	\$ 4,492	\$ 3,170	\$ 4,363	\$ -	\$ 146,951

Erie Metropolitan Housing Authority
FDS Schedule Submitted to REAC
Proprietary Fund Type - Enterprise Fund
June 30, 2009

	Project Total	State/Local	Component Unit	Housing Choice Vouchers	Title III Part B	Title III Part C	COCC	ELIM	Total
96200 Other General Expenses	\$ -	\$ -	\$ 49	\$ 4,276	\$ -	\$ -	\$ 806	\$ -	\$ 5,131
96210 Compensated Absences	\$ (4,485)	\$ -	\$ 73	\$ 5,037	\$ 336	\$ 599	\$ 10,582	\$ -	\$ 12,142
96300 Payments in Lieu of Taxes	\$ 6,735	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,735
96400 Bad debt - Tenant Rents	\$ 4,686	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,686
96800 Severance Expense	\$ 4,876	\$ -	\$ 7	\$ 742	\$ 100	\$ 351	\$ 723	\$ -	\$ 6,799
96000 Total Other General Expenses	\$ 11,812	\$ -	\$ 129	\$ 10,055	\$ 436	\$ 950	\$ 12,111	\$ -	\$ 35,493
96720 Interest on Notes Payable (Short and Long Term)	\$ 40,648	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,648
96730 Amortization of Bond Issue Costs	\$ 58,038	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58,038
96700 Total Interest Expense and Amortization Cost	\$ 98,686	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 98,686
96900 Total Operating Expenses	\$ 1,450,865	\$ 5,000	\$ 156,692	\$ 557,697	\$ 112,295	\$ 425,791	\$ 311,391	\$ (336,963)	\$ 2,682,768
97000 Excess of Operating Revenue over Operating Expenses	\$ 186,610	\$ 345	\$ 61,636	\$4,923,263	\$ -	\$ -	\$ 96,316	\$ -	\$ 5,268,170
97100 Extraordinary Maintenance	\$ 1,746	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,746
97200 Casualty Losses - Non-capitalized	\$ 2,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,500
97300 Housing Assistance Payments	\$ -	\$ -	\$ -	\$5,238,150	\$ -	\$ -	\$ -	\$ -	\$ 5,238,150
97400 Depreciation Expense	\$ 474,474	\$ -	\$ 4,788	\$ 5,098	\$ -	\$ -	\$ 27,517	\$ -	\$ 511,877
90000 Total Expenses	\$ 1,929,585	\$ 5,000	\$ 161,480	\$5,800,945	\$ 112,295	\$ 425,791	\$ 338,908	\$ (336,963)	\$ 8,437,041
10010 Operating Transfer In	\$ 182,694	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,393	\$ -	\$ 228,087
10020 Operating transfer Out	\$ (182,694)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (45,393)	\$ -	\$ (228,087)
10040 Operating Transfers from/to CU	\$ 45,268	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,268
10070 Extraordinary Items, Net Gain/Loss	\$ (45,268)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (45,268)
10100 Total Other financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ (292,110)	\$ 345	\$ 56,848	\$ (319,985)	\$ -	\$ -	\$ 68,799	\$ -	\$ (486,103)
11030 Beginning Equity	\$ 5,481,698	\$ 4	\$ 271,172	\$1,035,310	\$ -	\$ -	\$ 410,513	\$ -	\$ 7,198,697
Ending Equity	\$ 5,189,588	\$ 349	\$ 328,020	\$ 715,325	\$ -	\$ -	\$ 479,312	\$ -	\$ 6,712,594

Erie Metropolitan Housing Authority
FDS Schedule Submitted to REAC
Proprietary Fund Type - Enterprise Fund
June 30, 2009

	Project Total	State/Local	Component Unit	Housing Choice Vouchers	Title III Part B	Title III Part C	COCC	ELIM	Total
11020 Required Annual Debt Principal Payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11170 Administrative Fee Equity	\$ -	\$ -	\$ -	\$ 190,342	\$ -	\$ -	\$ -	\$ -	\$ 190,342
11180 Housing Assistance Payments Equity	\$ -	\$ -	\$ -	\$ 524,983	\$ -	\$ -	\$ -	\$ -	\$ 524,983
11190 Unit Months Available	3,099	\$ -	\$ -	12,564	\$ -	\$ -	\$ -	\$ -	15,663
11210 Number of Unit Months Leased	3,083	\$ -	\$ -	12,701	\$ -	\$ -	\$ -	\$ -	15,784
11270 Excess Cash	\$ 548,685	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 548,685
11610 Land Purchases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11620 Building Purchases	\$ 100,442	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,442
11630 Furniture & Equipment - Dwelling Purchases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11640 Furniture & Equipment - Administrative Purchases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11650 Leasehold Improvements Purchases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11660 Infrastructure Purchases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13510 CFFP Debt Service Payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13901 Replacement Housing Factor Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Erie Metropolitan Housing Authority
Schedule of Expenditures Federal Award
For the Year Ended June 30, 2009

FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES	CFDA NUMBER	EXPENDITURES
U.S. Department of Housing and Urban Development Direct Program		
Low Rent Public Housing	14.850	\$ 786,346
Housing Choice Voucher Program	14.871	5,462,893
Public Housing – Capital Fund Program	14.872	<u>443,214</u>
Total U.S. Department of Housing and Urban Development		<u>6,692,453</u>
U.S. Department of Health and Human Services Pass-Through Program From: Area Office on Aging of Northwestern Ohio, Inc.		
Aging Programs (Cluster)		
Special Program for the Aging – Title III, Part B		
Grants for Supportive Services and Senior Center	93.044	49,569
Special Programs for the Aging – Title III, Part C		
Nutrition Services	93.045	<u>189,864</u>
Total U.S. Department of Health and Human Services		<u>239,433</u>
Total Expenditure of Federal Award		<u><u>\$6,931,886</u></u>



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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 Directors
Erie Metropolitan Housing Authority

I have audited the financial statements of the business-type activities, and the aggregate discretely presented component unit of the Erie Metropolitan Housing Authority, Ohio, as of and for the year ended June 30, 2009, which collectively comprise the Erie Metropolitan Housing Authority basic financial statements and have issued my report thereon dated October 30, 2009. I conducted my 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 my audit, I considered Erie Metropolitan Housing Authority's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my 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, I 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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity'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.

My 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 weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Erie Metropolitan Housing Authority, Ohio's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my 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 board of directors, management, 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.

Salvatore Consiglio, CPA, Inc.
October 30, 2009



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

Board of Directors
Erie Metropolitan Housing Authority

Compliance

I have audited the compliance of the Erie Metropolitan Housing Authority, Ohio, 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 June 30, 2009. Erie Metropolitan Housing Authority, Ohio major federal programs are identified in the Summary of Auditor's result section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Erie Metropolitan Housing Authority, Ohio's management. My responsibility is to express an opinion on Erie Metropolitan Housing Authority, Ohio's compliance based on my audit.

I conducted my 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 I 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 Erie Metropolitan Housing Authority, Ohio's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Erie Metropolitan Housing Authority, Ohio's compliance with those requirements.

In my opinion, Erie Metropolitan Housing Authority, Ohio, 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 June 30, 2009.

Internal Control Over Compliance

The management of Erie Metropolitan Housing Authority, Ohio 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 my audit, I considered Erie Metropolitan Housing Authority, Ohio's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A control deficiency in an 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.

My 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. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

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

Erie Metropolitan Housing Authority
 Schedule of Findings and Questioned Costs
 OMB Circular A-133 § .505
 June 30, 2009

1. SUMMARY OF AUDITOR'S RESULTS
--

Type of Financial Statement Opinion	Unqualified
Were there any significant deficiency reported as material weakness at the financial statement level (GAGAS)?	No
Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
Were there any reported material non-compliance at the financial statement level (GAGAS)?	No
Were there any significant deficiency reported for any major federal programs as material weakness?	No
Were there any other significant deficiency reported for the major federal programs?	No
Type of Major Programs' Compliance Opinion	Unqualified
Are there any reportable findings under § .510?	No
Major Programs (list):	CFDA # 14.871 – Housing Choice Voucher
Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All Others
Low Risk Auditee?	Yes

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
--

There are no Findings or questioned costs for the year ended June 30, 2009.

3. FINDINGS RELATED TO FEDERAL AWARDS
--

There are no Findings or questioned costs for the year ended June 30, 2009.

Erie Metropolitan Housing Authority
Schedule of Prior Audit Findings
June 30, 2009

The June 30, 2008 audit report contained no audit findings.



Mary Taylor, CPA
Auditor of State

METROPOLITAN HOUSING AUTHORITY

ERIE 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
FEBRUARY 11, 2010**