Perry Metropolitan Housing Authority

Financial Statements

For the Year Ended December 31, 2009

Mary Taylor, CPA
Auditor of State

Board of Directors
Perry Metropolitan Housing Authority
28 Brown Circle Drive
Crooksville, Ohio 43731

We have reviewed the *Independent Auditors' Report* of the Perry Metropolitan Housing Authority, Perry County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period January 1, 2009 through December 31, 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 Perry Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 21, 2010

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PERRY METROPOLITAN HOUSING AUTHORITY
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2009

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Independent Auditors' Report

Board of Directors
Perry Metropolitan Housing Authority

I have audited the accompanying financial statements of the business-type activities of Perry Metropolitan Housing Authority, Ohio, as of and for the year ended December 31, 2009, which collectively comprise the Authority basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Perry Metropolitan Housing Authority, Ohio, management. My responsibility is to express an opinion on these 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 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 respective financial position of the business-type activities of the Perry Metropolitan Housing Authority, Ohio, as of December 31, 2009, 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,* I have also issued a report dated April 2, 2010, on my consideration of Perry Metropolitan Housing Authority, Ohio's internal control over financial reporting and my 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 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 consider in conjunction with this report in considering the results of my audit.

The Management's Discussion and Analysis is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. 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 financial statements that collectively comprise the Perry Metropolitan Housing Authority basic financial statements. The accompanying Schedule of Expenditure 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 financial statements. The FDS Schedule Submitted to REAC is presented for purposes additional analysis as required by the Department of Housing and Urban Development and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respect in relation to the basic financial statements taken as a whole.

____

Salvatore Consiglio, CPA, Inc.
April 2, 2010

PERRY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2009

Unaudited

The Perry Metropolitan Housing Authority's ("the Authority") Management's Discussion and Analysis (MD&A) 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 position, and (d) identify individual fund issues or concerns.

Since the MD&A is designed to focus on the 2009 year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statement.

FINANCIAL HIGHLIGHTS

- Total revenues: FYE 12/31/09: $2,127,380 Increase of $458,045 (27%)
  FYE 12/31/08: $1,669,335

- Total expenses: FYE 12/31/09: $2,068,177 Increase of $195,262 (10%)
  FYE 12/31/08: $1,872,915

USING THIS ANNUAL REPORT

This is a different presentation of the Authority's previous financial statements. The following graphic outlines these changes are provided for your review:

MD&A ~ Management Discussion and Analysis ~
Basic Financial Statements ~ Statement of Net Assets ~ ~ Statement of Revenues, Expenses and Changes in Net Assets ~ ~ Statement of Cash Flows ~ ~ Notes to Financial Statements ~

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

Unaudited

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 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:

> 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 Revenue, 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.

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.

The Authority's Programs

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

Conventional Public Housing (PH) – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the Authority to provide the housing at a rent that is based upon 30% of household income.

Capital Fund Program (CFP) - This is the primary funding source for physical and management improvements to the Authority's properties. Funds are allocated by a formula allocation and are based on size and age of the properties.

Housing Choice Voucher Program (HCVP) – 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 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. The Authority earns administrative fees to cover the cost of administering the program.

Other Business Activity – Tracking of the Supported Living Program (Perry County MR/DD) activity.

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.

Unaudited

TABLE 1

STATEMENT OF NET ASSETS

		2009		2008
Current and Other Assets	$	1,024,217	$	789,914
Capital Assets		3,111,744		3,060,242
Notes, loans & mortgages receivable - non current		176,421		80,949
Total Assets	$	4,312,382	$	3,931,105
Current Liabilities	$	424,245	$	131,256
Long-Term Liabilities		114,529		85,444
Total Liabilities		538,774		216,700
Net Assets:				
Investment in Capital Assets, net of Related Debt		3,105,159		3,051,957
Restricted Net Assets		60,131		32,084
Unrestricted Net Assets		608,318		630,364
Total Net Assets		3,773,608		3,714,405
Total Liabilities and Net Assets	$	4,312,382	$	3,931,105

Major Factors Affecting the Statement of Net Assets

During 2009, current and other assets increased by $234,303, and current liabilities increased by $292,989.

Capital assets also changed, increasing from $3,060,242 to $3,111,744. The $51,502 increase may be contributed primarily to a combination of total acquisitions of $353,047 less current year depreciation of $301,545.

The long-term liabilities increase is due to a combination of principal payments and a new loan proceeds in the amount of $24,500.

Unaudited

The following table presents details on the change in Net Assets.

TABLE 2

CHANGE OF NET ASSETS

	Unrestricted	Restricted	Investment in Capital Assets
Beginning Balance - January 1, 2009	$ 630,364	$ 32,084	$ 3,051,957
Results of Operation	31,156	28,047	-
Adjustments:			
Current Year Depreciation Expense (1)	301,545	-	(301,545)
Capital Expenditure (2)	(301,545)	-	301,545
Current Year Net Debt Issued and Retired	20,791	-	(20,791)
Restatement of Investment of Capital Assets	(73,993)	-	73,993
Ending Balance - December 31, 2009	$ 608,318	$ 60,131	$ 3,105,159

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

(2) Capital expenditures represent an outflow of unrestricted net assets, but are not treated as an expense against Results of Operations, and therefore must be deducted.

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 presentation of financial position.

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

Unaudited

TABLE 3

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	2009	2008
Revenues		
Total Tenant Revenues	$ 241,365	$ 251,883
Operating Subsidies	1,504,324	1,229,006
Capital Grants	352,983	127,334
Investment Income	18,504	7,569
Other Revenues	10,204	53,543
Total Revenues	**2,127,380**	**1,669,335**
Expenses		
Administrative	361,324	368,927
Tenant Services	1,052	1,400
Utilities	119,825	116,704
Maintenance	290,131	240,196
General and Interest Expenses	51,871	57,110
Housing Assistance Payments	942,429	773,249
Depreciation	301,545	315,329
Total Expenses	**2,068,177**	**1,872,915**
Net Increases (Decreases)	**$ 59,203**	**$ (203,580)**

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

Tenant revenue decreased by $10,518 from 2008. Operating subsidy reflect an increase of $275,318 mainly due to additional Capital Fund Grants drawn from HUD. Capital grants increased by $225,649 due to additional capital improvement projected during the year.

Unaudited

Total expenses increased $195,262. The increase is due mainly due to the increases in housing assistance payment paid out during the year.

CAPITAL ASSETS

Capital Assets

As of year-end, the Authority had $3,111,744 invested in a variety of capital assets as reflected in the following schedule, which represents a net increase of $51,502 or 2% from the end of last year. As stated earlier, this increase was due to current additions and depreciation expense.

TABLE 4

CAPITAL ASSETS AT YEAR-END (NET OF DEPRECIATON)

		2009		2008
Land and Land Rights	$	250,219	$	250,219
Buildings		6,621,473		6,353,811
Equipment		412,167		326,845
Leasehold Improvement		1,722,119		1,722,119
Accumulated Depreciation		(5,894,234)		(5,592,752)
Total	$	3,111,744	$	3,060,242

The following reconciliation identifies the change in Capital Assets.

TABLE 5

CHANGE IN CAPITAL ASSETS

Beginning Balance - January 1, 2009	$	3,060,242
Current Year Additions		353,047
Current Year Depreciation Expense		(301,545)
Ending Balance - December 31, 2009	$	3,111,744

Unaudited

Current Year Additions are summarized as follows:

Floors for Admin Building	$	173,559
Mowing Equipment		44,284
Gutters		94,103
Security Cameras		5,702
Pole Barn		27,447
Office Furniture & Equipment		5,572
Carpet Machine		2,380
Total 2009 Additions	$	353,047

Debt Outstanding

As of year-end, the Authority has $102,277 in debt outstanding compared to $81,486 last year. The $20,791 increase was a result of principal payments made during the year and the receipt of one additional loan in the amounts of $24,500. See Pages 26 and 27 for detail.

TABLE 6

CONDENSED STATEMENT OF CHANGES IN DEBT OUTSTANDING

Beginning Balance - January 1, 2009	$	81,486
Current Year Loans Proceeds		24,500
Current Year Loan Retirements		(3,709)
Ending Balance - December 31, 2009	$	102,277

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding provided 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

Unaudited

IN CONCLUSION

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

FINANCIAL CONTACT

If you have any questions regarding this report, you may contact Sandra Harper, Executive Director of the Perry Metropolitan Housing Authority at (740) 982-5991.

Perry County Metropolitan Housing Authority	
Statement of Net Assets	
Proprietary Funds	
December 31, 2009	
ASSETS	
Current assets	
Cash and cash equivalents	$ 874,969
Restricted cash and cash equivalents	96,990
Receivables, net	14,078
Inventories, net	13,991
Prepaid expenses and other assets	24,189
Total current assets	**1,024,217**
Noncurrent assets	
Capital assets:	
Land	250,219
Building and equipment	8,755,759
Less accumulated depreciation	(5,894,234)
Capital assets, net	3,111,744
Other noncurrent assets	176,421
Total noncurrent assets	***3,288,165***
Total assets	**$4,312,382**
Current liabilities	
Accounts payable	$ 172,555
Accrued liabilities	46,817
Intergovernmental payables	11,294
Tenant security deposits	29,302
Deferred revenue	158,670
Bonds, notes, and loans payable	5,607
Total current liabilities	***$424,245***

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

Perry County Metropolitan Housing Authority
Statement of Net Assets (Continued)
Proprietary Funds
December 31, 2009

Noncurrent liabilities	
Bonds, notes, and loans payable	$96,670
Accrued compensated absences non-current	10,302
Noncurrent liabilities - other	7,557
Total noncurrent liabilities	***114,529***
Total liabilities	**$538,774**
NET ASSETS	
Invested in capital assets, net of related debt	$ 3,105,159
Restricted net assets	60,131
Unrestricted net assets	608,318
Total net assets	**$3,773,608**

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

Perry County Metropolitan Housing Authority
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2009

OPERATING REVENUES	
Tenant Revenue	$ 241,365
Government operating grants	1,504,324
Other revenue	10,204
Total operating revenues	**1,755,893**
OPERATING EXPENSES	
Administrative	361,324
Tenant services	1,052
Utilities	119,825
Maintenance	290,131
General	51,277
Housing assistance payment	942,429
Depreciation	301,545
Total operating expenses	***2,067,583***
Operating income (loss)	**(311,690)**
NONOPERATING REVENUES (EXPENSES)	
Interest and investment revenue	18,504
Interest expense	(594)
Total nonoperating revenues (expenses)	***17,910***
Income (loss) before contributions and transfers	(293,780)
Capital grants	352,983
Change in net assets	59,203
Total net assets - beginning	3,714,405
Total net assets - ending	**$3,773,608**

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

Perry Metropolitan Housing Authority
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2009

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating grants received	$1,660,455
Tenant revenue received	242,556
Other revenue received	10,204
General and administrative expenses paid	(668,889)
Housing assistance payments	(942,429)
Net cash provided (used) by operating activities	**301,897**
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earned	18,504
Investment in other assets for resale	(102,965)
Net cash provided (used) by investing activities	**(84,461)**
CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES	
Capital grant funds received	352,983
Interest Expense	(594)
Debt principal payment	(3,709)
Loan Proceeds	24,500
Property and equipment purchased	(353,047)
Net cash provided (used) by capital and related activities	**20,133**
Net increase (decrease) in cash	237,569
Cash and cash equivalents - Beginning of year	734,390
Cash and cash equivalents - End of year	***$971,959***

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

Perry Metropolitan Housing Authority
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended December 31, 2009

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Net Operating Income (Loss)	($311,690)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities	
- Depreciation	301,545
- (Increases) Decreases in Accounts Receivable	(1,092)
- (Increases) Decreases in Inventory	3,581
- (Increases) Decreases in Prepaid Assets	1,077
- Increases (Decreases) in Accounts Payable	157,696
- Increases (Decreases) in Accrued Expenses Payable	(840)
- Increases (Decreases) in Compensated Absence Payable	(2,506)
- Increases (Decreases) in Intergovernmental Payable	(876)
- Increases (Decreases) in Deferred Revenue	153,751
- Increases (Decreases) in Tenant Security Deposits	1,202
- Increases (Decreases) in Non-Current Liabilities Other	49
Net cash provided by operating activities	***$301,897***

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Perry Metropolitan Housing Authority (the Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

Reporting Entity

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

The accompanying 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.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

exists if the primary government **a)** is entitled to the organization's resources; **b)** is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or **c)** is obligated in some manner for the debt of the organization.

Management believes the financial statements included in this report represent all of the funds of the Authority over which the Authority is financially accountable.

Basis of Presentation

The Authority's financial statements consist of a statement of net assets, a statement of revenue, expenses and changes 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 HUD programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

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

Proprietary Fund Types

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

NOTE 1: <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u> (Continued)

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.

<u>Description of programs</u>

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

A. **<u>Public Housing Program</u>**
The Public Housing Program is designed to provide low-cost housing within the Perry 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. **<u>Capital Fund Program</u>**
The Capital Fund Program provides funds annually, via a formula, to Public Housing Agencies for capital and management activities, including modernization and development housing.

C. **<u>Housing Choice Voucher Program</u>**
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. **<u>Business Activity</u>**
The Business Activity Program represents MR/DD Supported Living Program activities. The revenue and expenses for these services are identified and tracked separate from the HUD activities.

Accounting and Reporting for Non-exchange Transactions

Non-exchange transactions occur when the Public Housing Authority (PHA) receives (or gives) value without directly giving equal value in return. GASB 33 identifies four classes of non-exchange transactions as follows:

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Derived tax revenues: result from assessments imposed on exchange transactions (i.e., income taxes, sales taxes and other assessments on earnings or consumption).
- Imposed nonexchange revenues: result from assessments imposed on nongovernmental entities, including individuals, other than assessments on exchange transactions (i.e. property taxes and fines).
- Government-mandated nonexchange transactions: occur when a government at one level provides resources to a government at another level and requires the recipient to use the resources for a specific purpose (i.e., federal programs that state or local governments are mandated to perform).
- Voluntary nonexchange transactions: result from legislative or contractual agreements, other than exchanges, entered into willingly by the parties to the agreement (i.e., certain grants and private donations).

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

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Deferred Revenue

Deferred revenue arises when revenues are received before revenue recognition criteria have been satisfied.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond December 31, 2009, are recorded as prepaid expenses using the consumption method. A current asset for the amount is recorded at the time of the purchase and expense is reported in the year in which the services are consumed.

Investments

Investments are restricted by the provisions of the HUD Regulations (See Note 2). Investments are valued at market value. Interest income earned in fiscal year 2009 totaled $18,504.

Capital Assets

Capital assets are stated at cost and depreciation is computed using the straight line method over an estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized. The capitalization policy is $750. The following are the useful lives used for depreciation purposes:

Buildings – residential	27.5
Buildings – non residential	40
Building improvements	15
Furniture – dwelling	7
Furniture – non-dwelling	7
Equipment – dwelling	5
Equipment – non-dwelling	7
Autos and trucks	5
Computer hardware	3
Computer software	3
Leasehold improvements	15

NOTE 1: <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u> (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. Operating expenses are those expenses that are generated from the primary activity of the proprietary fund.

Capital Contributions

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

Cash and Cash Equivalents

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

Compensated Absences

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

	Current Accrued Compensated Absence	Long-Term Accrued Compensated Absence	Total Accrued Compensated Absence
Public Housing	$1,110	$58	$1,168
Section 8	709	58	767
Central Office	27,045	10,186	37,231
Total	$28,864	$10,302	$39,166

The following is a summary of changes in compensated absence liability:

	Balance 12/31/08	Increase	Decrease	Balance 12/31/09	Due Within One Year
Total Compensated Absence Liability	$41,672	$19,162	($21,668)	$39,166	$28,864

Inventories

Inventory valued of $15,591 in the financial statements is stated at net of obsolete balance. The allowance for obsolete inventory was $1,600 at December 31, 2009.

Receivables – net of allowance

Total receivable as December 31, 2009 is $14,078. This amount is net from the allowance of doubtful account of $27,679. Bad debts are provided on the allowance method based on management's evaluation of the probability of collecting the outstanding tenant receivable balances at the end of the year.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Accounting

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

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.

NOTE 2: DEPOSITS AND INVESTMENTS

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

A. 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 withdrawal on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

C. 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 end of the current period of designation of depositories. Interim deposits must be evidenced by time certificate of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

NOTE 2: DEPOSITS AND INVESTMENTS (CONTINUED)

Protection of the 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.

At fiscal yearend December 31, 2009, the carrying amount of the Authority's deposits totaled $971,959 and its bank balance was $1,049,607. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of December 31, 2009, $706,654 was exposed to custodial risk as discussed below, while $342,953 was covered by the Federal Depository Insurance Corporation.

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.

NOTE 3: RESTRICTED CASH AND INVESTMENT

Restricted cash balance as of December 31, 2009 of $96,990 represents cash on hand for the following:

FSS escrow funds held for tenants	$7,557
Tenant security deposit	$29,302
Cash on hand advance from HUD to be used for tenants housing assistance payments	$60,131

NOTE 4: CAPITAL ASSETS

The following is a summary of changes:

NOTE 4: CAPITAL ASSETS (CONTINUED)

	Balance 12/31/08	Adjust.	Additions	Deletion	Balance 12/31/09
Capital Assets Not Depreciated:					
Land	$250,219	$0	$0	$0	$250,219
Total Capital Assets Not Being Depreciated	**250,219**	**0**	**0**	**0**	**250,219**
Capital Assets Being Depreciated:					
Buildings and Improvements	8,075,930	0	267,662	0	8,343,592
Furniture and Equipment	326,845	1	85,385	(64)	412,167
Total Capital Assets Being Depreciated	8,402,775	1	353,047	(64)	8,755,759
Accumulated Depreciation:					
Buildings and Improvements	(5,315,213)	0	(265,865)	0	(5,581,078)
Furniture and Equipment	(277,539)	(1)	(35,680)	64	(313,156)
Total Accumulated Depreciation	**(5,592,752)**	**(1)**	**(301,545)**	**64**	**(5,894,234)**
Total Capital Assets Being Depreciated, Net	**2,810,023**	**0**	**51,502**	**0**	**2,861,525**
Total Capital Assets, Net	**$3,060,242**	**0**	**$51,502**	**$0**	**$3,111,744**

NOTE 5: LONG-TERM DEBT

Long-term debt for the Perry Metropolitan Housing Authority's state/local activities consists of the following:

- Loan payment to People's National Bank dated September 1998 in the amount of $20,000, due in September 2013; interest rate 6.13%. Proceeds of the loan were used to purchase a property on Jackson Street. Balance as of December 31, 2009. $6,585
- Loan payment to North Valley Bank dated May 2002 in the amount of $84,311, due in August 2031; interest rate 4.99%. Proceeds of the loan were used to purchase a property on Somerset Road. Balance as of December 31, 2009. 71,351

NOTE 5: LONG-TERM DEBT (CONTINUED)

• Loan payment to North Valley Bank dated November 2009 in the amount of $24,500, due in November 2019; interest rate 5.00%. Proceeds of the loan were used to purchase a property on State Route 669 NE. Balance as of December 31, 2009.	24,341
Total Outstanding Debt	102,277
Less Current Portion	(5,607)
Total Long-Term Debt	$96,670

The following is a summary of changes in long-term debt for the year ended December 31, 2009:

DESCRIPTION	BALANCE 12/31/08	ISSUED	RETIRED	BALANCE 12/31/09	Due Within One Year
Loan Payable	$81,486	$24,500	$3,709	$102,277	$5,607
TOTAL	$81,486	$24,500	$3,709	$102,277	$5,607

Maturities of the debt are as follows:

Years	Principal	Interest	Total
2010	$5,607	$5,046	$10,653
2011	5,914	4,739	10,653
2012	6,238	4,415	10,653
2013	5,758	4,081	9,839
2014	4,787	3,824	8,611
2015-2019	27,470	15,187	42,657
2020-2024	17,910	9,498	27,408
2025-2029	22,973	4,435	27,408
2030-2034	5,620	162	5,782
Total	$102,277	$51,387	$153,664

NOTE 6: NON-CURRENT LIABILITIES

The balance of non-current liabilities - other at December 31, 2009 consists of the following:

- FSS escrow funds relating to the Housing Choice Voucher program $7,557

NOTE 7: MRDD PROJECT AGREEMENT

Perry Metropolitan Housing Authority and Perry County Board MRDD have a project agreement for a supported living program. The agreement outlines that any monies received by MRDD for supported living will be forwarded to the MHA to purchase real estate with homes previously constructed and title to the said real estate will be in the name of the MHA. MRDD clients will benefit from these real estate transactions. The real estate and monies will revert back to MRDD if the property is not being used by eligible persons. The notes payable and mortgage receivables (land contracts) on these acquisitions are in the name of the MHA. At the end of the fiscal year the Authority had $81,916 of mortgage receivable on the sale of land contract.

NOTE 8: 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.

NOTE 8: DEFINED BENEFIT PENSION PLANS -PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)

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 percent of their annual covered salary to fund pension obligations. The 2009 employer pension contribution rate for Authority was 14 percent of covered payroll. Contributions are authorized by state statue. The contribution rates are determined actuarially. The Authority's required contributions to OPERS for the years ended December 31, 2009, 2008, and 2007 were $40,955, $39,132, and $36,176 respectively. The full amount has been contributed for 2007 and 2008. Ninety- two percent has been contributed for 2009, with the remainder being reported as a liability with the enterprise fund.

NOTE 9: POSTEMPLOYMENT BENEFITS PUBLIC EMPLOYEES RETIREMENT SYSTEM

The Public Employees Retirement System of Ohio (OPERS) provides post-employment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. The health care coverage provided by the OPERS is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 45. 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 2009 employer contribution rate (identified above) that was used to fund health care was 7.0 percent of covered payroll from January 1 through March 31, 2009 and 5.5 percent of covered payroll from April 1 through December 31, 2009, which amounted to $17,179. 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, 2008. 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

NOTE 9: <u>POSTEMPLOYMENT BENEFITS PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)</u>

adjusted annually to reflect 25 percent of unrealized market appreciation or depreciation on investment assets, not to exceed a 12 percent corridor. The investment assumption rate for 2008 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 3% for the next 6 years. In subsequent years (7 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 357,584. The actuarial value of the OPERS' net assets available for OPEB at December 31, 2008 was $10.7 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were $29.6 billion and $18.9 billion, respectively.

OPERS Retirement Board Implemented its Health Care Preservation Plan (HCPP). HCPP was adopted on September 9, 2004, and was effective on 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, 2007, and 2008 will allow additional funds to be allocated to the health care plan.

NOTE 10: <u>INSURANCE AND RISK MANAGEMENT</u>

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority participates in the State Housing Authorities Risk Pool (SHARP), a public entity risk plan that operates as a common risk management and insurance program for housing authorities. The Authority pays insurance premiums directly to SHARP.

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

NOTE 11: <u>SCHEDULE OF EXPENDITURE OF FEDERAL AWARD</u>

The accompanying Schedule of Expenditures of Federal Awards is a summary of the activity of the District's federal awards programs. The schedule has been prepared on the accrual basis of accounting prescribed by the U.S. Department of Housing and Urban Development.

Perry Metropolitan Housing Authority
FDS Schedule Submitted to REAC
Proprietary Fund Type - Enterprise Fund
December 31, 2009

	Project Total	Housing Choice Vouchers	Formula Stimulus Grant	Business Activity	COCC	ELIM	Total
111 Cash - Unrestricted	$ 113,449	$ 433,159		$ 18,854	$ 183,025	$ -	$ 748,487
113 Cash - Other Restricted	$ -	$ 67,688	$ -	$ -	$ -	$ -	$ 67,688
114 Cash - Tenant Security Deposits	$ 29,302	$ -	$ -	$ -	$ -	$ -	$ 29,302
100 Total Cash	$ 142,751	$ 500,847	$ -	$ 18,854	$ 183,025	$ -	$ 845,477
125 Accounts Receivable - Miscellaneous	$ -	$ -	$ -	$ 3,525	$ -	$ -	$ 3,525
126 Accounts Receivable - Tenants	$ 662	$ -	$ -	$ -	$ -	$ -	$ 662
127 Notes, Loans, & Mortgages Receivable - Current	$ -	$ -	$ -	$ 8,460	$ -	$ -	$ 8,460
128 Fraud Recovery	$ -	$ 29,110	$ -	$ -	$ -	$ -	$ 29,110
128.1 Allowance for Doubtful Accounts - Fraud	$ -	$ (27,679)	$ -	$ -	$ -	$ -	$ (27,679)
120 Total Receivables, Net of Allowances for	$ 662	$ 1,431	$ -	$ 11,985	$ -	$ -	$ 14,078
131 Investments - Unrestricted	$ 72,282	$ -	$ -	$ -	$ 54,200	$ -	$ 126,482
142 Prepaid Expenses and Other Assets	$ 14,514	$ 2,419	$ -	$ -	$ 7,256	$ -	$ 24,189
143 Inventories	$ -	$ -	$ -	$ -	$ 15,591	$ -	$ 15,591
143.1 Allowance for Obsolete Inventories	$ -	$ -	$ -	$ -	$ (1,600)	$ -	$ (1,600)
144 Inter Program Due From	$ -	$ -	$ -	$ -	$ 11,333	$ (11,333)	$ -
150 Total Current Assets	$ 230,209	$ 504,697	$ -	$ 30,839	$ 269,805	$ (11,333)	$ 1,024,217
161 Land	$ 228,579	$ -	$ -	$ 15,640	$ 6,000	$ -	$ 250,219
162 Buildings	$ 6,525,356	$ 29,361	$ -	$ 34,500	$ 32,256	$ -	$ 6,621,473
163 Furniture, Equipment & Machinery - Dwellings	$ 142,541	$ -	$ -	$ -	$ 137,070	$ -	$ 279,611
164 Furniture, Equipment & Machinery - Administration	$ 20,836	$ 14,053	$ -	$ -	$ 97,667	$ -	$ 132,556
165 Leasehold Improvements	$ 1,722,119	$ -	$ -	$ -	$ -	$ -	$ 1,722,119
166 Accumulated Depreciation	$ (5,611,625)	$ (26,888)	$ -	$ (14,427)	$ (241,294)	$ -	$ (5,894,234)
160 Total Capital Assets, Net of Accumulated	$ 3,027,806	$ 16,526	$ -	$ 35,713	$ 31,699	$ -	$ 3,111,744

Perry Metropolitan Housing Authority
FDS Schedule Submitted to REAC
Proprietary Fund Type - Enterprise Fund
December 31, 2009

	Project Total	Housing Choice Vouchers	Formula Stimulus Grant	Business Activity	COCC	ELIM	Total
171 Notes, Loans and Mortgages Receivable - Non-Current	$ -	$ -	$ -	$ 73,456	$ -	$ -	$ 73,456
174 Other Assets	$ -	$ -	$ -	$ 102,965	$ -	$ -	$ 102,965
180 Total Non-Current Assets	$ 3,027,806	$ 16,526	$ -	$ 212,134	$ 31,699	$ -	$ 3,288,165
190 Total Assets	$ 3,258,015	$ 521,223	$ -	$ 242,973	$ 301,504	$ (11,333)	$ 4,312,382
312 Accounts Payable <= 90 Days	$ 5,364	$ 149,071	$ -	$ 116	$ 18,004	$ -	$ 172,555
321 Accrued Wage/Payroll Taxes Payable	$ 1,758	$ 1,129	$ -	$ -	$ 15,066	$ -	$ 17,953
322 Accrued Compensated Absences - Current	$ 1,110	$ 709	$ -	$ -	$ 27,045	$ -	$ 28,864
333 Accounts Payable - Other Government	$ 11,294	$ -	$ -	$ -	$ -	$ -	$ 11,294
341 Tenant Security Deposits	$ 29,302	$ -	$ -	$ -	$ -	$ -	$ 29,302
342 Deferred Revenues	$ 7,004	$ 77,996	$ -	$ 73,670	$ -	$ -	$ 158,670
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	$ -	$ -	$ -	$ 1,685	$ -	$ -	$ 1,685
347 Inter Program - Due To	$ -	$ 11,333	$ -	$ -	$ -	$ (11,333)	$ -
348 Loan Liability - Current	$ -	$ -	$ -	$ 3,922	$ -	$ -	$ 3,922
310 Total Current Liabilities	$ 55,832	$ 240,238	$ -	$ 79,393	$ 60,115	$ (11,333)	$ 424,245
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	$ -	$ -	$ -	$ 4,900	$ -	$ -	$ 4,900
353 Non-current Liabilities - Other	$ -	$ 7,557	$ -	$ -	$ -	$ -	$ 7,557
354 Accrued Compensated Absences - Non Current	$ 58	$ 58	$ -	$ -	$ 10,186	$ -	$ 10,302
355 Loan Liability - Non Current	$ -	$ -	$ -	$ 91,770	$ -	$ -	$ 91,770
350 Total Non-Current Liabilities	$ 58	$ 7,615	$ -	$ 96,670	$ 10,186	$ -	$ 114,529
300 Total Liabilities	$ 55,890	$ 247,853	$ -	$ 176,063	$ 70,301	$ (11,333)	$ 538,774

Perry Metropolitan Housing Authority
FDS Schedule Submitted to REAC
Proprietary Fund Type - Enterprise Fund
December 31, 2009

	Project Total	Housing Choice Vouchers	Formula Stimulus Grant	Business Activity	COCC	ELIM	Total
508.1 Invested In Capital Assets, Net of Related Debt	$ 3,027,806	$ 16,526	$ -	$ 29,128	$ 31,699	$ -	$ 3,105,159
511.1 Restricted Net Assets	$ -	$ 60,131	$ -	$ -	$ -	$ -	$ 60,131
512.1 Unrestricted Net Assets	$ 174,319	$ 196,713	$ -	$ 37,782	$ 199,504	$ -	$ 608,318
513 Total Equity/Net Assets	$ 3,202,125	$ 273,370	$ -	$ 66,910	$ 231,203	$ -	$ 3,773,608
600 Total Liabilities and Equity/Net Assets	$ 3,258,015	$ 521,223	$ -	$ 242,973	$ 301,504	$ (11,333)	$ 4,312,382
70300 Net Tenant Rental Revenue	$ 227,402	$ -	$ -	$ 8,400	$ -	$ -	$ 235,802
70400 Tenant Revenue - Other	$ 5,428	$ -	$ -	$ 135	$ -	$ -	$ 5,563
70500 Total Tenant Revenue	$ 232,830	$ -	$ -	$ 8,535	$ -	$ -	$ 241,365
70600 HUD PHA Operating Grants	$ 401,139	$ 1,102,866	$ 319	$ -	$ -	$ -	$ 1,504,324
70610 Capital Grants	$ 179,424		$ 173,559	$ -	$ -	$ -	$ 352,983
70710 Management Fee	$ -		$ -	$ -	$ 99,058	$ (99,058)	$ -
70730 Book Keeping Fee	$ -		$ -	$ -	$ 31,679	$ (31,679)	$ -
70700 Total Fee Revenue	$ -		$ -	$ -	$ 130,737	$ (130,737)	$ -
71100 Investment Income - Unrestricted	$ 8,740	$ 540	$ -	$ 61	$ 9,082	$ -	$ 18,423
71400 Fraud Recovery	$ -	$ 2,190	$ -	$ -	$ -	$ -	$ 2,190
71500 Other Revenue	$ 770	$ 3,067	$ -	$ 355	$ 186,635	$ (182,813)	$ 8,014
72000 Investment Income - Restricted	$ -	$ 81	$ -	$ -	$ -	$ -	$ 81
70000 Total Revenue	$ 822,903	$ 1,108,744	$ 173,878	$ 8,951	$ 326,454	$ (313,550)	$ 2,127,380
91100 Administrative Salaries	$ 62,592	$ 27,352	$ -	$ -	$ 95,170	$ -	$ 185,114
91200 Auditing Fees	$ 3,346	$ 1,706	$ -	$ -	$ 1,640	$ -	$ 6,692
91300 Management Fee	$ 65,266	$ 33,792	$ -	$ -	$ -	$ (99,058)	$ -
91310 Book-keeping Fee	$ 10,559	$ 21,120	$ -	$ -	$ -	$ (31,679)	$ -

Perry Metropolitan Housing Authority
FDS Schedule Submitted to REAC
Proprietary Fund Type - Enterprise Fund
December 31, 2009

	Project Total	Housing Choice Vouchers	Formula Stimulus Grant	Business Activity	COCC	ELIM	Total
91500 Employee Benefit contributions - Administrative	$ 20,234	$ 10,763	$ -	$ -	$ 33,570	$ -	$ 64,567
91600 Office Expenses	$ 52,707	$ 37,650	$ 319	$ 1,534	$ 12,741	$ -	$ 104,951
91000 Total Operating - Administrative	$ 214,704	$ 132,383	$ 319	$ 1,534	$ 143,121	$ (130,737)	$ 361,324
92400 Tenant Services - Other	$ 1,052	$ -	$ -	$ -	$ -	$ -	$ 1,052
92500 Total Tenant Services	$ 1,052	$ -	$ -	$ -	$ -	$ -	$ 1,052
93100 Water	$ 75,377	$ -	$ -	$ -	$ 1,576	$ -	$ 76,953
93200 Electricity	$ 37,408	$ -	$ -	$ 45	$ 2,676	$ -	$ 40,129
93300 Gas	$ 1,677	$ 978	$ -	$ 88	$ -	$ -	$ 2,743
93000 Total Utilities	$ 114,462	$ 978	$ -	$ 133	$ 4,252	$ -	$ 119,825
94100 Ordinary Maintenance and Operations - Labor	$ -	$ -	$ -	$ -	$ 118,910	$ -	$ 118,910
94200 Ordinary Maintenance and Operations - Materials and Other	$ 72,346	$ 46	$ -	$ -	$ -	$ -	$ 72,392
94300 Ordinary Maintenance and Operations Contracts	$ 199,819	$ 1,733	$ -	$ 3,980	$ 23,423	$ (182,813)	$ 46,142
94500 Employee Benefit Contributions - Ordinary Maintenance	$ -	$ -	$ -	$ -	$ 52,687	$ -	$ 52,687
94000 Total Maintenance	$ 272,165	$ 1,779	$ -	$ 3,980	$ 195,020	$ (182,813)	$ 290,131
96140 All Other Insurance	$ 16,854	$ 2,990	$ -	$ 1,347	$ 11,434	$ -	$ 32,625
96100 Total insurance Premiums	$ 16,854	$ 2,990	$ -	$ 1,347	$ 11,434	$ -	$ 32,625
96200 Other General Expenses	$ -	$ -	$ -	$ 28	$ -	$ -	$ 28
96300 Payments in Lieu of Taxes	$ 11,294	$ -	$ -	$ -	$ -	$ -	$ 11,294
96400 Bad debt - Tenant Rents	$ 7,330	$ -	$ -	$ -	$ -	$ -	$ 7,330
96000 Total Other General Expenses	$ 18,624	$ -	$ -	$ 28	$ -	$ -	$ 18,652

Perry Metropolitan Housing Authority
FDS Schedule Submitted to REAC
Proprietary Fund Type - Enterprise Fund
December 31, 2009

	Project Total	Housing Choice Vouchers	Formula Stimulus Grant	Business Activity	COCC	ELIM	Total
96710 Interest of Mortgage (or Bonds) Payable	$ -	$ -	$ -	$ 594	$ -	$ -	$ 594
96700 Total Interest Expense and Amortization Cost	$ -	$ -	$ -	$ 594	$ -	$ -	$ 594
96900 Total Operating Expenses	$ 637,861	$ 138,130	$ 319	$ 7,616	$ 353,827	$ (313,550)	$ 824,203
97000 Excess of Operating Revenue over Operating Expenses	$ 185,042	$ 970,614	$ 173,559	$ 1,335	$ (27,373)	$ -	$ 1,303,177
97300 Housing Assistance Payments	$ -	$ 942,429	$ -	$ -	$ -	$ -	$ 942,429
97400 Depreciation Expense	$ 285,692	$ 1,499	$ -	$ 1,255	$ 13,099	$ -	$ 301,545
90000 Total Expenses	$ 923,553	$ 1,082,058	$ 319	$ 8,871	$ 366,926	$ (313,550)	$ 2,068,177
10093 Transfers between Program and Project - In	$ -	$ -	$ (173,559)	$ -	$ -	$ 173,559	$ -
10094 Transfers between Project and Program - Out	$ 173,559	$ -	$ -	$ -	$ -	$ (173,559)	$ -
10100 Total Other financing Sources (Uses)	$ 173,559	$ -	$ (173,559)	$ -	$ -	$ -	$ -
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$ 72,909	$ 26,686	$ -	$ 80	$ (40,472)	$ -	$ 59,203
11030 Beginning Equity	$ 3,129,216	$ 246,684	$ -	$ 66,830	$ 271,675	$ -	$ 3,714,405
Ending Equity	$ 3,202,125	$ 273,370	$ -	$ 66,910	$ 231,203	$ -	$ 3,773,608
11170 Administrative Fee Equity	$ -	$ 212,804	$ -	$ -	$ -	$ -	$ 212,804
11180 Housing Assistance Payments Equity	$ -	$ 57,498	$ -	$ -	$ -	$ -	$ 57,498
11190 Unit Months Available	701	2,616	0	60	0	0	3,377
11210 Number of Unit Months Leased	696	2,816	0	60	0	0	3,572
11270 Excess Cash	$ 115,765	$ -	$ -	$ -		$ -	$ 115,765
11620 Building Purchases	$ 173,559	$ -	$ -	$ -	$ -	$ -	$ 173,559
11630 Furniture & Equipment - Dwelling Purchases	$ 79,816	$ -	$ -	$ -	$ -	$ -	$ 79,816
11640 Furniture & Equipment - Administrative	$ 5,505	$ -	$ -	$ -	$ -	$ -	$ 5,505
11650 Leasehold Improvements Purchases	$ 94,103	$ -	$ -	$ -	$ -	$ -	$ 94,103

Perry Metropolitan Housing Authority
Schedule of Expenditure of Federal Award
For the Year Ended December 31, 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	$307,468
Housing Choice Voucher Program	14.871	1,102,866
Public Housing Capital Fund Program	14.872	273,095
Formula Capital Fund Stimulus Grant	14.885	173,878
Total Expenditure of Federal Award		**$1,857,307**

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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
Perry Metropolitan Housing Authority

I have audited the financial statements of the business-type activities of the Perry Metropolitan Housing Authority, Ohio, as of and for the year ended December 31, 2009, which collectively comprise the Perry Metropolitan Housing Authority basic financial statements and have issued my report thereon dated April 2, 2010. 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 of America.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Perry Metropolitan Housing Authority, Ohio'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 no for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the entity'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 entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the authority's financial statements that is more than inconsequential will not be prevented or detected by the authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the authority' 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 we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Perry Metropolitan Housing Authority financial statements are free of material misstatement, I performed tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements 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 result 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 for the information of the Board of Directors, management, and federal awarding agencies and is not intended to be and should not be used by anyone other than those specified parties.

Salvatore Consiglio, CPA, Inc.

April 2, 2010

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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
Perry Metropolitan Housing Authority

Compliance

I have audited the compliance of the Perry 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 December 31, 2009. Perry 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 Perry Metropolitan Housing Authority, Ohio's management. My responsibility is to express an opinion on Perry 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 Perry 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 Perry Metropolitan Housing Authority, Ohio's compliance with those requirements.

In my opinion, Perry 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 December 31, 2009. However, the result of my audit procedures disclosed one instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2009-PMHA-1.

Internal Control Over Compliance

The management of Perry 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 Perry 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 entity'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 a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity'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.

Perry Metropolitan Housing Authority, Ohio response to the findings identified in my audit is described in the accompanying schedule of findings and questioned costs. I did not audit Perry Metropolitan Housing Authority, Ohio response and, accordingly, I express no opinion on it.

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

Salvatore Consiglio, CPA, Inc.
April 2, 2010

Perry Metropolitan Housing Authority
Schedule of Findings and Questioned Costs
OMB Circular A-133 § .505
December 31, 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?	Yes
Major Programs (list):	CFDA # 14.850 Low Rent Public Housing & 14.872 Public Housing Capital Fund & 14.885 Formula Stimulus Grant
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 REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

There are no Findings or questioned costs for the year ended December 31, 2009.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

FINDING NUMBER	2009-PMHA-1

Compliance Finding – Reporting

U.S. Department of HUD
Low Rent Public Housing (CFDA # 14.850)
Public Housing Capital Fund (CFDA # 14.872)

24 CFR section 135.3(a) and 135.90 requires that for each public and Indian housing grant that involves development, operating, or modernization assistance, the prime recipient must submit Form HUD 60002.

The result of audit procedure revealed that Perry Metropolitan Housing Authority (PMHA) did not file the required form for the year ended December 31, 2009. This report was due on January 10, 2010. Therefore, PMHA is not incompliance with the above regulation.

Recommendation:
Perry Metropolitan Housing Authority management must comply with the above requirement and ascertain that the report is filed when due.

Corrective Action Plan:
The required form will be filed when due in the future. The Executive Director will be responsible to oversee compliance with this requirement.

Contact Person: Executive Director
Resolution Date: January 10, 2011

The audit report for the fiscal year ending December 31, 2008 contained no audit finding.

Mary Taylor, CPA
Auditor of State

PERRY METROPOLITAN HOUSING AUTHORITY

PERRY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
AUGUST 3, 2010

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