

**BASIC FINANCIAL STATEMENTS
AND SINGLE AUDIT**

of the

**CHILlicoTHE METROPOLITAN
HOUSING AUTHORITY**

for the

Year Ended September 30, 2008



Mary Taylor, CPA
Auditor of State

Board of Directors
Chillicothe Metropolitan Housing Authority
178 West Fourth Street
Chillicothe, Ohio 45601

We have reviewed the *Independent Auditor's Report* of the Chillicothe Metropolitan Housing Authority, Ross County, prepared by Jones, Cochenour & Co., for the audit period October 1, 2007 through September 30, 2008. 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 Chillicothe Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 8, 2009

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Chillicothe Metropolitan Housing Authority
Chillicothe, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited the accompanying basic financial statements of Chillicothe Metropolitan Housing Authority, as of and for the year ended September 30, 2008, as listed in the table of contents. These basic financial statements are the responsibility of the Chillicothe Metropolitan Housing Authority's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Chillicothe Metropolitan Housing Authority, as of September 30, 2008, and the results of its operations and the cash flows of its proprietary funds activities for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2009 on our consideration of Chillicothe Metropolitan Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Jones, Cochenour & Co.
September 30, 2009

much more than an accounting firm

**CHILICOTHE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended September 30, 2008**

The Chillicothe Metropolitan Housing Authority's (the "Authority") Management's Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position (its ability to address the next and subsequent year challenges), and (d) identify the single enterprise fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statement (beginning on page 12).

FINANCIAL HIGHLIGHTS

- The Authority's net assets decreased by \$219,353 (or 2.2%) during 2008. Since the Authority engages only in business-type activities, the decrease is all in the category of business-type net assets. Net Assets were \$9,592,890 and \$9,812,243 for 2008 and 2007, respectively.
- Revenues increased by \$414,606 (or 9%) during 2008, and were \$5,016,600 and \$4,601,994 for 2008 and 2007 respectively.
- The total expenses of all Authority programs decreased by \$128,021 (or 2.4%). Total expenses were \$5,235,950 and \$5,363,971 for 2008 and 2007, respectively.

USING THIS ANNUAL REPORT

The Report includes three major sections, the "Management's Discussion and Analysis (MD&A)", "Financial statements", and "Other Required Supplementary information".

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 ~

**CHILLCOTHE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
Year Ended September 30, 2008**

AUTHORITY FINANCIAL STATEMENTS

The Authority financial statements are designed to be corporate-like 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, equals “Net Assets”, formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as “Current” (convertible into cash within one year), and “Non-current”.

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

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

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

Unrestricted Net Assets: Consists of Net Assets that do not meet the definition of “Net Assets Invested in Capital Assets, Net of Related Debt”, or “Restricted Net Assets”. This account resembles the old operating reserves account.

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

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

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

FUND FINANCIAL STATEMENTS

The Authority consists exclusively of 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 of 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.

THE AUTHORITY'S PROGRAMS

Public Housing Program – Under the 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 and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income. The Public Housing Program also includes the Capital Funds Program, which is the primary funding source for physical and management improvements to the Authority's properties.

**CHILLCOTHE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
Year Ended September 30, 2008**

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. 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 the 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.

Economic Development and Supportive Services Program – A grant program funded by the Department of Housing and Urban Development that encourages economic self-sufficiency among the Authority's resident population.

Resident Opportunity and Self Sufficiency – A grant funded by the Department of Housing and Urban Development that is intended to enable public housing residents to obtain self sufficiency and economic independence and move from welfare to work.

Development – Grant money received from the Department of Housing and Urban Development for further purchases or development of low income housing.

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.

BASIC FINANCIAL 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**

	2008	RESTATED 2007
Current and Other Assets	\$ 1,128,143	\$ 732,943
Capital Assets	8,919,062	9,353,315
TOTAL ASSETS	\$ 10,047,205	\$ 10,086,258
Current Liabilities	\$ 400,724	\$ 259,802
Long-term liabilities	53,591	14,216
TOTAL LIABILITIES	454,315	274,018
Net Assets:		
Invested in Capital Assets, Net of Related Debt	8,919,062	9,353,315
Restricted	370,172	280,589
Unrestricted	303,656	178,336
TOTAL NET ASSETS	9,592,890	9,812,240
TOTAL LIABILITIES AND NET ASSETS	\$ 10,047,205	\$ 10,086,258

**CHILLCOTHE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
Year Ended September 30, 2008**

MAJOR FACTORS AFFECTING THE STATEMENT OF NET ASSETS

During 2008, current and other assets were increased by \$315 thousand, and current liabilities were increased by \$141 thousand. The current and other assets, primarily cash and investments, decreased because of the decrease in the current liabilities and increase in expenses.

Capital assets also changed, decreasing from \$9,353 thousand to \$8,919 thousand. The \$434 thousand decrease may be attributed primarily to a combination of net acquisitions (\$478 thousand), less current year depreciation and amortization (\$922 thousand). For more details see “Capital Assets and Debt Administration”.

**TABLE 2
CHANGE IN NET ASSETS**

Table 2 presents details on the change in Net Assets

	Restricted Net Assets	Unrestricted Net Assets	Investment in Capital Assets
Beginning Balance - September 30, 2007	\$ 280,589	\$ 178,336	\$ 9,353,315
Results of Operation	-	(219,350)	-
Adjustments:			
Current year Depreciation Expense (1)	-	921,715	(921,715)
Capital Expenditure (2)	-	(475,148)	475,148
Reclassification/correction	89,583	(101,897)	12,314
Ending Balance - September 30, 2008	<u>\$ 370,172</u>	<u>\$ 303,656</u>	<u>\$ 8,919,062</u>

- 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 change in financial well-being.

**CHILLCOTHE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
September 30, 2008**

**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.

	2008	2007
Revenues		
Tenant Revenue - Rents and Other	\$ 597,822	\$ 504,459
Operating Subsidies and Grants	3,923,895	3,629,977
Capital Grants	475,148	450,460
Investment Income/Other Revenues	19,735	17,098
TOTAL REVENUE	5,016,600	4,601,994
Expenses		
Administration	645,872	817,124
Tenant Services	109,975	72,582
Utilities	322,100	316,715
Maintenance	803,654	874,208
Protective Services	29,018	60,269
Insurance Premiums	86,618	82,535
General and Miscellaneous	127,065	36,911
Housing Assistance Payments	2,189,933	2,163,954
Depreciation	921,715	939,673
TOTAL EXPENSES	5,235,950	5,363,971
CHANGE IN NET ASSETS	(219,350)	\$ (761,977)

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

Tenant revenue increased during 2008 in comparison to 2007 due to lower tenant income offset by higher other Tenant Revenue. Operating Subsidies, Grants increased as well as Capital Grants. The increase in both Operating and Capital Grants was due to an increase in Section 8 funding and a higher level of funding from HUD due to completing several Capital Grants.

Most expenses increased moderately due to inflation, except for tenant services and administration. Public housing administration cost went down, however Section Eight increased due to an additional VASH Program and more direct costs. Utilities increased due to rate increases. Maintenance, particularly maintenance contracts and material decreased due to contained spending controls. Insurance premium of \$82,000 were included in maintenance in error in 2007. Depreciation is down due to disposal of assets. Tenant services and protective services reflect an increase due to Ross Grants, 2007 tenant services also include protective services and in 2008 protective services were included in tenant services. HAP increased due to lower tenant income and in December 2007 HCV increased their payment standards to 110% of FMR published 10/01/07.

See accompanying notes to the basic financial statements

**CHILICOTHE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
September 30, 2008**

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

As of year end, the Authority had \$8,919,062 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (addition, deductions and depreciation) of \$434,250 or 4.6% from the end of last year.

**TABLE 4
CAPITAL ASSETS AT YEAR-END
(NET OF DEPRECIATION)**

	2008	Restated 2007
Land and Land Rights	\$ 1,301,488	\$ 1,301,488
Buildings	10,615,837	10,615,837
Equipment	571,408	610,484
Leasehold Improvements	10,464,328	10,113,519
Accumulated Depreciation	(14,033,999)	(13,288,013)
TOTAL	\$ 8,919,062	\$ 9,353,315

The following reconciliation summarizes the change in Capital Assets.

**TABLE 5
CHANGE IN CAPITAL ASSETS**

BEGINNING BALANCE RESTATED - NET	\$	9,353,315
Current Year Additions		475,148
Insignificant Corrections of Depreciation Schedule		12,314
Depreciation Expense		(921,715)
ENDING BALANCE	\$	8,919,062

See accompanying notes to the basic financial statements

**CHILlicothe METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
September 30, 2008**

DEBIT

Debt Outstanding

As of year-end, the Authority had no debt outstanding.

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

FINANCIAL CONTACT

The individual to be contacted regarding this report is Carleena Beverly, Deputy Director of the Chillicothe Metropolitan Housing Authority, at (740) 775-7881, Ext. 103. Specific requests may be submitted to the Chillicothe Metropolitan Housing Authority at 178 W. Fourth Street, Chillicothe, Ohio 45601.

See accompanying notes to the basic financial statements

CHILLCOTHE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET ASSETS
September 30, 2008

ASSETS

Cash and cash equivalents	\$	774,549
Restricted cash and cash equivalents		17,604
Receivables - net of allowance		275,447
Inventories - net of allowance		48,418
Prepaid expenses and other assets		12,125
TOTAL CURRENT ASSETS		1,128,143

CAPITAL ASSETS

Land		1,301,488
Other capital assets - net		7,617,574
TOTAL CAPITAL ASSETS		8,919,062

TOTAL ASSETS **10,047,205**

LIABILITIES

Accounts payable		138,689
Accrued wages/payroll taxes		32,208
Accrued compensated absences - current		48,875
Intergovernmental payables		51,429
Tenant security deposits		44,942
Deferred revenue		84,581
TOTAL CURRENT LIABILITIES		400,724

NON-CURRENT LIABILITIES

Accrued compensated absences - non-current		11,772
Non-current liabilities-other		41,819
TOTAL NON-CURRENT LIABILITIES		53,591

TOTAL LIABILITIES **454,315**

NET ASSETS

Invested in capital assets - net of related debt		8,919,062
Restricted net assets		370,172
Unrestricted net assets		303,656
		9,592,890

NET ASSETS **\$ 9,592,890**

See accompanying notes to the basic financial statements

CHILLCOTHE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
September 30, 2008

OPERATING REVENUES	
Tenant revenue	\$ 597,822
Operating subsidies and grants	3,923,895
Other revenues	<u>12,826</u>
TOTAL OPERATING REVENUES	4,534,543
 OPERATING EXPENSES	
Administrative	645,872
Tenant services	109,975
Utilities	322,100
Maintenance	803,654
Protective services	29,018
Insurance	86,618
General	127,065
Housing assistance payments	2,189,933
Depreciation	<u>921,715</u>
TOTAL OPERATING EXPENSES	<u>5,235,950</u>
OPERATING LOSS	(701,407)
 NON-OPERATING REVENUE	
Interest income	6,909
HUD capital grants	<u>475,148</u>
TOTAL NON-OPERATING REVENUE	<u>482,057</u>
CHANGE IN NET ASSETS	(219,350)
NET ASSETS BEGINNING OF YEAR, RESTATED	<u>9,812,240</u>
NET ASSETS END OF YEAR	<u><u>\$ 9,592,890</u></u>

See accompanying notes to the basic financial statements

CHILLCOTHE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
Year Ended September 30, 2008

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from tenants	\$	598,950
Cash received from HUD		3,798,829
Cash received from other revenues		334,289
Cash payments for housing assistance payments		(2,189,933)
Cash payments for other operating expenses		(2,369,610)
Cash payments for HUD and other governments		(5,406)
		167,119
NET CASH PROVIDED BY OPERATING ACTIVITIES		167,119

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Capital grants received for capital assets		475,148
Acquisition of capital assets		(475,148)
		-
NET CASH (USED) BY FINANCING ACTIVITIES		-

CASH FLOWS FROM INVESTING ACTIVITIES

Investment activity		6,909
		6,909

INCREASE IN CASH AND CASH EQUIVALENTS 174,028

CASH AND CASH EQUIVALENTS, BEGINNING 618,125

CASH AND CASH EQUIVALENTS, ENDING \$ 792,153

RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

Operating loss	\$	(701,407)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation		921,715
Prior period adjustments affecting operations		(26,213)
Casualty loss		4,284
Unfound difference		(900)
(Increase) decrease in:		
Receivables - net of allowance		(208,098)
Inventories - net of allowance		(4,604)
Prepaid expenses and other assets		(1,408)
Increase (decrease) in:		
Accounts payable		66,256
Intergovernmental payables		26,630
Accrued wages/payroll taxes		(6,668)
Accrued compensated absences		4,004
Tenant security deposits		289
Deferred revenues and other liabilities		93,239
		93,239
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$	167,119

See accompanying notes to the basic financial statements

CHILlicothe METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
September 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

The financial statements of the Chillicothe 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 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.

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 organizations.

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 basic 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 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.

CHILLCOTHE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
September 30, 2008

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 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:

Public Housing Program – The public housing program is designed to provide low-cost housing within the Ross 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. In fiscal year 2008 the Authority changed to project-based reporting with a Central Office Cost Center charging management fees to the projects.

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

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.

Resident Opportunity and Supportive Services – A grant funded by the Department of Housing and Urban Development that is intended to enable public housing residents to obtain self sufficiency and economic independence and move from welfare to work.

Development – Grant money received from the Department of Housing and Urban Development for further purchases or development of low income housing.

Economic Development and Supportive Services Program – A grant program funded by the Department of Housing and Urban Development that encourages economic self-sufficiency among the Authority's resident population.

Inventories

Inventories are stated at the weighted-average cost and determined by first-in, first-out method.

Investments

The provisions of the HUD Regulations restrict investments. Investments are valued at market value. Interest income earned in fiscal year ending September 30, 2007 totaled \$9,023.

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. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

CHILLCOTHE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
September 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Buildings	40 years
Building improvements	15 years
Furniture, equipment and machinery	3-7 years
Leasehold improvements	15 years

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 the 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 expense incurred for the day to day operation. For the Authority, operating revenues are tenant rent charges, operating subsidy from HUD and other miscellaneous revenue.

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 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 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 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 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.

Budgetary Accounting

The Authority is required by contractual agreements to adopt annual operating budgets for all its HUD funded programs. The budget for its programs is 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 budget resolution.

Accounting and Reporting Non-exchange Transactions

The Authority accounts for non-exchange transactions in accordance with Governmental Accounting Standards Board (GASB) Statement No. 33, Accounting and Financial Reporting for Non-exchange Transactions. Non-exchange transactions occur when the Authority receives (or gives) value without directly giving (or receiving) equal value in return.

In conformity with the requirements of GASB 33, the Authority has recognized grant funds expended for capitalizable capital assets acquired after September 30, 2000 as revenues and the related depreciation thereon, as expenses in the accompanying Combined Statement of Revenue and Expenses.

CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
September 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Estimates

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

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

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 the Authority or by single collateral pools established by the financial institution to secure the repayment of all public monies deposited with the institution.

At fiscal year end September 30, 2008, the carrying amount of the Authority's deposits totaled \$792,153 and its bank balance was \$829,887. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of September 30, 2008, \$366,034 was exposed to custodial risk as discussed below, while \$463,853 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.

Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks or at member banks of the federal reserve system, in the name of the respective depository banks 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.

3. 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 September 30, 2007 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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
September 30, 2008

4. CAPITAL ASSETS

The following is a summary of changes:

	<u>Restated Balance 09/30/07</u>	<u>Net Additions</u>	<u>Disposals/ Corrections</u>	<u>Balance 09/30/2008</u>
CAPITAL ASSETS, NOT BEING DEPRECIATED				
Land	\$ 1,301,488	\$ -	\$ -	\$ 1,301,488
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	1,301,488	-	-	1,301,488
CAPITAL ASSETS BEING DEPRECIATED				
Buildings	\$ 10,615,837	\$ -	\$ -	\$ 10,615,837
Furniture, machinery & equipment	610,484	39,333	(78,409)	571,408
Leasehold improvement	10,113,519	435,815	(85,006)	10,464,328
Totals at Historical Costs	<u>21,339,840</u>	<u>475,148</u>	<u>(163,415)</u>	<u>21,651,573</u>
LESS: ACCUMULATED DEPRECIATION				
Buildings	(6,518,784)	(265,399)	-	(6,784,183)
Furniture, machinery & equipments	(606,304)	(656,316)	78,409	(1,184,211)
Leasehold improvements	(6,162,925)	-	97,320	(6,065,605)
TOTAL ACCUMULATED DEPRECIATION	<u>(13,288,013)</u>	<u>(921,715)</u>	<u>175,729</u>	<u>(14,033,999)</u>
TOTAL CAPITAL ASSETS, NET, BEING DEPRECIATED	<u>\$ 8,051,827</u>	<u>\$ (446,567)</u>	<u>\$ 12,314</u>	<u>\$ 7,617,574</u>
TOTAL CAPITAL ASSETS	<u>\$ 9,353,315</u>	<u>\$ (446,567)</u>	<u>\$ 12,314</u>	<u>\$ 8,919,062</u>

5. DEFINED BENEFIT PENSION PLANS

All full-time employees of the Authority participate in Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. OPERS provides 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 issues 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 benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The contribution requirements of the plan members and the commission are established and may be amended by the Public Employees Retirement Board. The 2008 contribution rate for employees was 9.5% of their covered salaries. The 2008 contribution rate for local government employers was 14.0% of covered payroll. Of the employer contribution rate, 9.35% was the portion used to fund retirement and disability benefits.

CHILlicothe METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
September 30, 2008

5. DEFINED BENEFIT PENSION PLANS - CONTINUED

The Authority's contribution for the years ended September 30, 2008, 2007 and 2006 amounted to \$80,967, \$81,270 and \$82,930 respectively. Ninety-two percent has been contributed for 2008. All required contributions for the two previous years have been paid.

6. POSTEMPLOYMENT BENEFITS

In addition to the pension benefit obligation described above, the OPERS provides postemployment health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the Traditional Plan or Combined Plan. Health care coverage for disability recipients and primary survivor recipients is available. Members of the Member-Directed Plan do not qualify for postemployment health care coverage. The health care coverage provided by the retirement system is considered an other postemployment benefit as described in *GASB Statement No. 12*. Other postemployment benefits are advance-funded on an actuarially determined basis. A portion of each employer's contribution to the Traditional Plan or Combined Plan is set aside for the funding of postemployment health care. The Ohio Revised Code provides statutory authority for employer contributions. The 2008 contribution rate for local government employers was 14.0% of covered payroll. Of the employer contribution rate, 7.0% was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions based on OPER's latest actuarial review performed as of December 31, 2007, include a rate of return on investments of 6.5%, an annual increase in active employee total payroll of 4.0% compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50% and 6.3% based on additional annual pay increases. Health care premiums were assumed to increase between .50% and 6.0% annually for the next eight years and 4.0% annually in subsequent years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually.

On September 9, 2005, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

7. NOTE TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

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

8. PRIOR PERIOD ADJUSTMENTS

Prior period adjustments were made to correct prepaid insurance for \$10,512, and correct depreciation expense for \$8,361 for a total correction of \$18,873.

CHILLCOTHE METROPOLITAN HOUSING AUTHORITY
COMBINED - STATEMENT OF NET ASSETS
September 30, 2008

Line Item No.	Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
Balance Sheet							
111	Cash-unrestricted	\$ -	\$ 533,616	\$ 194,073	\$ 727,689		\$ 727,689
113	Cash-other restricted	\$ 17,604	\$ -	\$ -	\$ 17,604		\$ 17,604
114	Cash-tenant security deposits	\$ 46,860	\$ -	\$ -	\$ 46,860		\$ 46,860
100	Total Cash	\$ 64,464	\$ 533,616	\$ 194,073	\$ 792,153	\$ -	\$ 792,153
122-010	Accounts receivable - HUD other projects - Operating Subsidy	\$ 100,877	\$ -	\$ -	\$ 100,877		\$ 100,877
122-020	Accounts receivable - HUD other projects - Capital fund	\$ 86,376	\$ -	\$ -	\$ 86,376		\$ 86,376
122	Accounts receivable - HUD other projects	\$ 187,253	\$ 83,568	\$ -	\$ 270,821		\$ 270,821
125	Account receivable - miscellaneous	\$ -	\$ -	\$ 400	\$ 400		\$ 400
126	Accounts receivable - tenants	\$ 18,493	\$ -	\$ -	\$ 18,493		\$ 18,493
126.1	Allowance for doubtful accounts - tenants	\$ (16,500)	\$ -	\$ -	\$ (16,500)		\$ (16,500)
128	Fraud recovery	\$ -	\$ 2,333	\$ -	\$ 2,333		\$ 2,333
128.1	Allowance for doubtful accounts - fraud	\$ -	\$ (100)	\$ -	\$ (100)		\$ (100)
120	Total receivables, net of allowance for doubtful accounts	\$ 189,246	\$ 85,801	\$ 400	\$ 275,447	\$ -	\$ 275,447
142	Prepaid expenses and other assets	\$ 10,791	\$ -	\$ 1,334	\$ 12,125		\$ 12,125
143	Inventories	\$ 26,931	\$ -	\$ 21,987	\$ 48,918		\$ 48,918
143.1	Allowance for obsolete inventories	\$ -	\$ -	\$ (500)	\$ (500)		\$ (500)
144	Inter program - due from	\$ 105,009	\$ -	\$ 111,728	\$ 216,737	-\$216,737	\$ -
150	Total Current Assets	\$ 396,441	\$ 619,417	\$ 329,022	\$ 1,344,880	\$ (216,737)	\$ 1,128,143
161	Land	\$ 871,233	\$ 388,211	\$ 42,044	\$ 1,301,488		\$ 1,301,488
162	Buildings	\$ 8,590,279	\$ 1,109,706	\$ 915,852	\$ 10,615,837		\$ 10,615,837
163	Furniture, equipment and machinery - dwellings	\$ 212,588	\$ 8,707	\$ -	\$ 221,295		\$ 221,295
164	Furniture, equipment and machinery - administration	\$ 40,028	\$ 18,008	\$ 292,077	\$ 350,113		\$ 350,113
165	Leasehold improvements	\$ 9,557,336	\$ 402,665	\$ 504,327	\$ 10,464,328		\$ 10,464,328
166	Accumulated depreciation	\$ (12,427,670)	\$ (433,872)	\$ (1,172,457)	\$ (14,033,999)		\$ (14,033,999)
160	Total capital assets, net of accumulated depreciation	\$ 6,843,794	\$ 1,493,425	\$ 581,843	\$ 8,919,062	\$ -	\$ 8,919,062
180	Total Non-current Assets	\$ 6,843,794	\$ 1,493,425	\$ 581,843	\$ 8,919,062	\$ -	\$ 8,919,062
190	Total Assets	\$ 7,240,235	\$ 2,112,842	\$ 910,865	\$ 10,263,942	\$ (216,737)	\$ 10,047,205

See independent auditors' report

CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
COMBINED - STATEMENT OF REVENUES EXPENSES AND CHANGES IN NET ASSETS
Year Ended September 30, 2008

Line Item No.	Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
312	Accounts payable <= 90 days	\$ 129,998	\$ -	\$ 8,692	\$ 138,690		\$ 138,690
321	Accrued wage/payroll taxes payable	\$ 8,930	\$ -	\$ 23,278	\$ 32,208		\$ 32,208
322	Accrued compensated absences - current portion	\$ 16,762	\$ 6,645	\$ 25,468	\$ 48,875		\$ 48,875
333	Accounts payable - other government	\$ 51,429	\$ -	\$ -	\$ 51,429		\$ 51,429
341	Tenant security deposits	\$ 44,942	\$ -	\$ -	\$ 44,942		\$ 44,942
342-010	Deferred revenue - Operating Subsidy	\$ 84,581	\$ -	\$ -	\$ 84,581		\$ 84,581
342	Deferred revenue	\$ 84,581	\$ -	\$ -	\$ 84,581		\$ 84,581
347	Inter program - due to	\$ 14,095	\$ 97,633	\$ 105,008	\$ 216,736	-\$216,736	\$ -
310	Total Current Liabilities	\$ 350,737	\$ 104,278	\$ 162,446	\$ 617,461	\$ (216,736)	\$ 400,725
353	Non-current liabilities - other	\$ 17,604	\$ 24,215	\$ -	\$ 41,819		\$ 41,819
354	Accrued compensated absences- Non-current	\$ 4,214	\$ 7,220	\$ 338	\$ 11,772		\$ 11,772
350	Total Non-current liabilities	\$ 21,818	\$ 31,435	\$ 338	\$ 53,591	\$ -	\$ 53,591
300	Total Liabilities	\$ 372,555	\$ 135,713	\$ 162,784	\$ 671,052	\$ (216,736)	\$ 454,316
508.1	Invested in capital assets, net of related debt	\$ 6,843,794	\$ 1,493,425	\$ 581,843	\$ 8,919,062		\$ 8,919,062
511.1	Restricted Net Assets	\$ -	\$ 370,172	\$ -	\$ 370,172		\$ 370,172
512.1	Unrestricted Net Assets	\$ 23,886	\$ 113,532	\$ 166,238	\$ 303,656		\$ 303,656
513	Total Equity/Net Assets	\$ 6,867,680	\$ 1,977,129	\$ 748,081	\$ 9,592,890	\$ -	\$ 9,592,890
600	Total Liabilities and Equity/Net assets	\$ 7,240,235	\$ 2,112,842	\$ 910,865	\$ 10,263,942	\$ (216,736)	\$ 10,047,206

See independent auditors' report

CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
COMBINED - STATEMENT OF REVENUES EXPENSES AND CHANGES IN NET ASSETS
Year Ended September 30, 2008

Line Item No.	Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
Income Statement							
70300	Net tenant rental revenue	\$ 587,186	\$ -	\$ -	\$ 587,186		\$ 587,186
70400	Tenant revenue - other	\$ 10,636	\$ -	\$ -	\$ 10,636		\$ 10,636
70500	Total Tenant Revenue	\$ 597,822	\$ -	\$ -	\$ 597,822	\$ -	\$ 597,822
70600-010	Housing assistance payments	\$ -	\$ 2,275,883	\$ -	\$ 2,275,883		\$ 2,275,883
70600-020	Ongoing administrative fees earned	\$ -	\$ 253,210	\$ -	\$ 253,210		\$ 253,210
70600-031	FSS Coordinator	\$ -	\$ 33,547	\$ -	\$ 33,547		\$ 33,547
70600	HUD PHA operating grants	\$ 1,253,819	\$ 2,670,076	\$ -	\$ 3,923,895		\$ 3,923,895
70610	Capital grants	\$ 470,665	\$ -	\$ 4,483	\$ 475,148		\$ 475,148
70710	Management Fee	\$ -	\$ -	\$ 247,871	\$ 247,871		\$ 247,871
70720	Asset Management Fee	\$ -	\$ -	\$ 46,200	\$ 46,200		\$ 46,200
70730	Book-Keeping Fee	\$ -	\$ -	\$ 33,637	\$ 33,637		\$ 33,637
70700	Total Fee Revenue	\$ -	\$ -	\$ 327,708	\$ 327,708	\$ -	\$ 327,708
71100-010	Housing Assistance Payment	\$ -	\$ 1,649	\$ -	\$ 1,649		\$ 1,649
71100-020	Administrative Fee	\$ -	\$ 1,650	\$ -	\$ 1,650		\$ 1,650
71100	Investment income - unrestricted	\$ 3,610	\$ 3,299	\$ -	\$ 6,909		\$ 6,909
71400-010	Housing Assistance Payment	\$ -	\$ 1,983	\$ -	\$ 1,983		\$ 1,983
71400-020	Administrative Fee	\$ -	\$ 1,983	\$ -	\$ 1,983		\$ 1,983
71400	Fraud recovery	\$ -	\$ 3,966	\$ -	\$ 3,966		\$ 3,966
71500	Other revenue	\$ 8,860	\$ -	\$ -	\$ 8,860		\$ 8,860
70000	Total Revenue	\$ 2,334,776	\$ 2,677,341	\$ 332,191	\$ 5,344,308	\$ -	\$ 5,344,308

See independent auditors' report

CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
COMBINED - STATEMENT OF REVENUES EXPENSES AND CHANGES IN NET ASSETS
Year Ended September 30, 2008

Line Item No.	Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
91100	Administrative salaries	\$ 61,678	\$ 102,167	\$ 166,573	\$ 330,418		\$ 330,418
91200	Auditing fees	\$ 7,421	\$ 2,219	\$ 887	\$ 10,527		\$ 10,527
91300	Management Fee	\$ 202,139	\$ 45,732	\$ -	\$ 247,871		\$ 247,871
91310	Book-Keeping Fee	\$ 33,637	\$ -	\$ -	\$ 33,637		\$ 33,637
91400	Advertising and Marketing	\$ 324	\$ -	\$ 925	\$ 1,249		\$ 1,249
91500	Employee benefit contributions - administrative	\$ 58,084	\$ 72,781	\$ 49,987	\$ 180,852		\$ 180,852
91600	Office Expenses	\$ 9,567	\$ 5,278	\$ 55,613	\$ 70,458		\$ 70,458
91700	Legal Expense	\$ 3,748	\$ 185	\$ 185	\$ 4,118		\$ 4,118
91800	Travel	\$ -	\$ -	\$ 3,437	\$ 3,437		\$ 3,437
91900	Other	\$ 6,736	\$ 33,940	\$ 4,137	\$ 44,813		\$ 44,813
91000	Total Operating-Administrative	\$ 383,334	\$ 262,302	\$ 281,744	\$ 927,380	\$ -	\$ 927,380
92000	Asset Management Fee	\$ 46,200	\$ -	\$ -	\$ 46,200		\$ 46,200
92100	Tenant services - salaries	\$ -	\$ 20,385	\$ -	\$ 20,385		\$ 20,385
92300	Employee benefit contributions - tenant services	\$ -	\$ 12,527	\$ -	\$ 12,527		\$ 12,527
92400	Tenant services - other	\$ 6,059	\$ 71,004	\$ -	\$ 77,063		\$ 77,063
92500	Total Tenant Services	\$ 6,059	\$ 103,916	\$ -	\$ 109,975	\$ -	\$ 109,975
93100	Water	\$ 67,136	\$ -	\$ 965	\$ 68,101		\$ 68,101
93200	Electricity	\$ 138,884	\$ -	\$ 10,253	\$ 149,137		\$ 149,137
93300	Gas	\$ 17,561	\$ -	\$ 3,799	\$ 21,360		\$ 21,360
93600	Sewer	\$ 83,502	\$ -	\$ -	\$ 83,502		\$ 83,502
93000	Total Utilities	\$ 307,083	\$ -	\$ 15,017	\$ 322,100	\$ -	\$ 322,100
94100	Ordinary maintenance and operations - labor	\$ 129,722	\$ -	\$ 3,761	\$ 133,483		\$ 133,483
94200	Ordinary maintenance and operations - materials and other	\$ 151,447	\$ -	\$ 2,965	\$ 154,412		\$ 154,412
94300-010	Ordinary Maintenance and Operations Contracts - Garbage and Trash Removal Contracts	\$ 20,687	\$ -	\$ 331	\$ 21,018		\$ 21,018
94300-020	Ordinary Maintenance and Operations Contracts - Heating & Cooling Contracts	\$ 20,409	\$ -	\$ -	\$ 20,409		\$ 20,409
94300-030	Ordinary Maintenance and Operations Contracts - Snow Removal Contracts	\$ 11,188	\$ -	\$ 1,062	\$ 12,250		\$ 12,250
94300-040	Ordinary Maintenance and Operations Contracts - Elevator Maintenance Contracts	\$ 40,359	\$ -	\$ -	\$ 40,359		\$ 40,359
94300-050	Ordinary Maintenance and Operations Contracts - Landscape & Grounds Contracts	\$ 66,432	\$ -	\$ 400	\$ 66,832		\$ 66,832
94300-060	Ordinary Maintenance and Operations Contracts - Unit Turnaround Contracts	\$ 82,118	\$ -	\$ -	\$ 82,118		\$ 82,118

See independent auditors' report

CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
COMBINED - STATEMENT OF REVENUES EXPENSES AND CHANGES IN NET ASSETS
Year Ended September 30, 2008

Line Item No.	Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
94300-060	Ordinary Maintenance and Operations Contracts - Unit Turnaround Contracts	\$ 82,118	\$ -	\$ -	\$ 82,118		\$ 82,118
94300-070	Ordinary Maintenance and Operations Contracts - Electrical Contracts	\$ 15,271	\$ -	\$ -	\$ 15,271		\$ 15,271
94300-080	Ordinary Maintenance and Operations Contracts - Plumbing Contracts	\$ 4,625	\$ -	\$ -	\$ 4,625		\$ 4,625
94300-090	Ordinary Maintenance and Operations Contracts - Extermination Contracts	\$ 13,453	\$ -	\$ -	\$ 13,453		\$ 13,453
94300-100	Ordinary Maintenance and Operations Contracts - Janitorial Contracts	\$ 10,400	\$ 139	\$ 10,400	\$ 20,939		\$ 20,939
94300-110	Ordinary Maintenance and Operations Contracts - Routine Maintenance Contracts	\$ 31,773	\$ -	\$ 41,356	\$ 73,129		\$ 73,129
94300-120	Ordinary Maintenance and Operations Contracts - Misc Contracts	\$ 28,272	\$ -	\$ 494	\$ 28,766		\$ 28,766
94300	Ordinary Maintenance and Operations Contracts	\$ 344,987	\$ 139	\$ 54,043	\$ 399,169		\$ 399,169
94500	Employee benefit contribution - ordinary maintenance	\$ 115,570	\$ -	\$ 1,020	\$ 116,590		\$ 116,590
94000	Total Maintenance	\$ 741,726	\$ 139	\$ 61,789	\$ 803,654	\$ -	\$ 803,654
95200	Protective services - other contract costs	\$ 29,018	\$ -	\$ -	\$ 29,018		\$ 29,018
95000	Total Protective Services	\$ 29,018	\$ -	\$ -	\$ 29,018	\$ -	\$ 29,018
96110	Property Insurance	\$ 24,716	\$ -	\$ 16,277	\$ 40,993		\$ 40,993
96120	Liability Insurance	\$ 22,834	\$ 502	\$ -	\$ 23,336		\$ 23,336
96130	Workmen's Compensation	\$ 10,538	\$ 3,898	\$ 7,853	\$ 22,289		\$ 22,289
96100	Total Insurance Premiums	\$ 58,088	\$ 4,400	\$ 24,130	\$ 86,618	\$ -	\$ 86,618
96210	Compensated absences	\$ 17,285	\$ 14,465	\$ 34,307	\$ 66,057		\$ 66,057
96300	Payments in lieu of taxes	\$ 32,036	\$ -	\$ -	\$ 32,036		\$ 32,036
96400	Bad debt - tenant rents	\$ 24,688	\$ -	\$ -	\$ 24,688		\$ 24,688
96000	Total Other General Expenses	\$ 74,009	\$ 14,465	\$ 34,307	\$ 122,781	\$ -	\$ 122,781
96900	Total Operating Expenses	\$ 1,645,517	\$ 385,222	\$ 416,987	\$ 2,447,726	\$ -	\$ 2,447,726
97000	Excess Revenue Over Operating Expenses	\$ 689,259	\$ 2,292,119	\$ (84,796)	\$ 2,896,582	\$ -	\$ 2,896,582
97200	Casualty losses- Non-capitalized	\$ 4,284	\$ -	\$ -	\$ 4,284		\$ 4,284
97300-020	Home-Ownership	\$ -	\$ 4,810	\$ -	\$ 4,810		\$ 4,810
97300-040	Tenant Protection	\$ -	\$ 245,533	\$ -	\$ 245,533		\$ 245,533
97300-050	All Other	\$ -	\$ 1,939,590	\$ -	\$ 1,939,590		\$ 1,939,590
97300	Housing assistance payments	\$ -	\$ 2,189,933	\$ -	\$ 2,189,933		\$ 2,189,933
97400	Depreciation expense	\$ 774,687	\$ 55,209	\$ 91,819	\$ 921,715		\$ 921,715
90000	Total Expenses	\$ 2,424,488	\$ 2,630,364	\$ 508,806	\$ 5,563,658	\$ -	\$ 5,563,658

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CHILLCOTHE METROPOLITAN HOUSING AUTHORITY
COMBINED - STATEMENT OF REVENUES EXPENSES AND CHANGES IN NET ASSETS
Year Ended September 30, 2008

Line Item No.	Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
10000	Excess (Deficiency) of Revenue Over (Under) Expenses	\$ (89,712)	\$ 46,977	\$ (176,615)	\$ (219,350)	\$ -	\$ (219,350)
11030	Beginning equity	\$ 6,967,904	\$ 1,938,513	\$ 924,696	\$ 9,831,113		\$ 9,831,113
11040-010	Prior period adjustments and correction of errors - Editable	\$ (10,512)	\$ (8,361)	\$ -	\$ (18,873)		\$ (18,873)
11040	Prior period adjustments, equity transfers, and correction of errors	\$ (10,512)	\$ (8,361)	\$ -	\$ (18,873)		\$ (18,873)
11170-001	Administrative Fee Equity- Beginning Balance	\$ -	\$ 271,434	\$ -	\$ 271,434		\$ 271,434
11170-010	Administrative Fee Revenue	\$ -	\$ 253,210	\$ -	\$ 253,210		\$ 253,210
11170-021	FSS Coordinator Grant	\$ -	\$ 33,547	\$ -	\$ 33,547		\$ 33,547
11170-040	Investment Income	\$ -	\$ 1,650	\$ -	\$ 1,650		\$ 1,650
11170-045	Fraud Recovery Revenue	\$ -	\$ 1,983	\$ -	\$ 1,983		\$ 1,983
11170-060	Total Admin Fee Revenues	\$ -	\$ 290,390	\$ -	\$ 290,390		\$ 290,390
11170-080	Total Operating Expenses	\$ -	\$ 277,786	\$ -	\$ 277,786		\$ 277,786
11170-110	Total Expenses	\$ -	\$ 277,786	\$ -	\$ 277,786		\$ 277,786
11170-002	Net Administrative Fee	\$ -	\$ 12,604	\$ -	\$ 12,604		\$ 12,604
11170-003	Administrative Fee Equity- Ending Balance	\$ -	\$ 284,038	\$ -	\$ 284,038		\$ 284,038
11170	Administrative Fee Equity	\$ -	\$ 284,038	\$ -	\$ 284,038		\$ 284,038
11180-001	Housing Assistance Payments Equity - Begining Balance	\$ -	\$ 280,589	\$ -	\$ 280,589		\$ 280,589
11180-010	Housing Assistance Payment Revenues	\$ -	\$ 2,275,883	\$ -	\$ 2,275,883		\$ 2,275,883
11180-015	Fraud Recovery Revenue	\$ -	\$ 1,983	\$ -	\$ 1,983		\$ 1,983
11180-025	Investment Income	\$ -	\$ 1,649	\$ -	\$ 1,649		\$ 1,649
11180-030	Total HAP Revenues	\$ -	\$ 2,279,515	\$ -	\$ 2,279,515		\$ 2,279,515
11180-080	Housing Assistance Payments	\$ -	\$ 2,189,933	\$ -	\$ 2,189,933		\$ 2,189,933
11180-100	Total Housing Assistance Payments Expenses	\$ -	\$ 2,189,933	\$ -	\$ 2,189,933		\$ 2,189,933
11180-002	Net Housing Assistance Payments	\$ -	\$ 89,582	\$ -	\$ 89,582		\$ 89,582
11180-003	Housing Assistance Payments Equity-Ending Balance	\$ -	\$ 370,171	\$ -	\$ 370,171		\$ 370,171
11180	Housing Assistance Payments Equity	\$ -	\$ 370,171	\$ -	\$ 370,171		\$ 370,171
11190-210	Total ACC HCV Units	0	5460	0	5460		5460
11190	Unit Months Available	4620	5460	0	10080		10080
11210	Unit Months Leased	4495	5306	0	9801		9801
11270	Excess Cash	\$ (9,622)	\$ -	\$ -	\$ (9,622)		\$ (9,622)
11630	Furniture & Equipment-Dwelling Purchases	\$ 34,850	\$ -	\$ -	\$ 34,850		\$ 34,850
11640	Furniture & Equipment-Administrative Purchases	\$ -	\$ -	\$ 4,483	\$ 4,483		\$ 4,483
11650	Leasehold Improvements Purchases	\$ 435,815	\$ -	\$ -	\$ 435,815		\$ 435,815

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CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
COMBINED - STATEMENT OF NET ASSETS
September 30, 2008

Line Item No.	Description	Total Programs	14.870	14.871	14.850b
			Resident Opportunity and Supportive Services	Housing Choice Vouchers	Development
Balance Sheet					
111	Cash-unrestricted	\$ 533,616		\$533,616	
112	Cash-restricted-modernization and development	\$ -			
113	Cash-other restricted	\$ -			
114	Cash-tenant security deposits	\$ -			
115	Cash - Restricted for payment of current liability	\$ -			
100	Total Cash	\$ 533,616	\$ -	\$ 533,616	\$ -
122	Accounts receivable - HUD other projects	\$ 83,568	\$13,619	\$28,314	\$41,635
128	Fraud recovery	\$ 2,333		\$2,333	
128.1	Allowance for doubtful accounts - fraud	\$ (100)		-\$100	
120	Total receivables, net of allowance for doubtful accounts	\$ 85,801	\$ 13,619	\$ 30,547	\$ 41,635
150	Total Current Assets	\$ 619,417	\$ 13,619	\$ 564,163	\$ 41,635
161	Land	\$ 388,211		\$162,144	\$226,067
162	Buildings	\$ 1,109,706			\$1,109,706
163	Furniture, equipment and machinery - dwellings	\$ 8,707			\$8,707
164	Furniture, equipment and machinery - administration	\$ 18,008		\$18,008	
165	Leasehold improvements	\$ 402,665			\$402,665
166	Accumulated depreciation	\$ (433,872)		-\$18,008	-\$415,864
160	Total capital assets, net of accumulated depreciation	\$ 1,493,425	\$ -	\$ 162,144	\$ 1,331,281
180	Total Non-current Assets	\$ 1,493,425	\$ -	\$ 162,144	\$ 1,331,281
190	Total Assets	\$ 2,112,842	\$ 13,619	\$ 726,307	\$ 1,372,916
322	Accrued compensated absences - current portion	\$ 6,645		\$6,645	
347	Inter program - due to	\$ 97,633	\$13,619	\$42,379	\$41,635
310	Total Current Liabilities	\$ 104,278	\$ 13,619	\$ 49,024	\$ 41,635
353	Non-current liabilities - other	\$ 24,215		\$24,215	
354	Accrued compensated absences- Non-current	\$ 7,220		\$7,220	
350	Total Non-current liabilities	\$ 31,435	\$ -	\$ 31,435	\$ -
300	Total Liabilities	\$ 135,713	\$ 13,619	\$ 80,459	\$ 41,635
508.1	Invested in capital assets, net of related debt	\$ 1,493,425		\$162,144	\$1,331,281
511.1	Restricted Net Assets	\$ 370,172		\$370,172	
512.1	Unrestricted Net Assets	\$ 113,532	\$0	\$113,532	
513	Total Equity/Net Assets	\$ 1,977,129	\$ -	\$ 645,848	\$ 1,331,281
600	Total Liabilities and Equity/Net assets	\$ 2,112,842	\$ 13,619	\$ 726,307	\$ 1,372,916

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CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
PROGRAM - STATEMENT OF REVENUES EXPENSES AND CHANGES IN NET ASSETS
Year Ended September 30, 2008

			14.870	14.871	14.850b
Line Item No.	Description	Total Programs	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Development
Income Statement					
70600-010	Housing assistance payments	\$ 2,275,883		\$2,275,883	
70600-020	Ongoing administrative fees earned	\$ 253,210		\$253,210	
70600-031	FSS Coordinator	\$ 33,547		\$33,547	
70600	HUD PHA operating grants	\$ 2,670,076	\$107,436	\$ 2,562,640	
71100-010	Housing Assistance Payment	\$ 1,649		\$1,649	
71100-020	Administrative Fee	\$ 1,650		\$1,650	
71100	Investment income - unrestricted	\$ 3,299		\$ 3,299	
71400-010	Housing Assistance Payment	\$ 1,983		\$1,983	
71400-020	Administrative Fee	\$ 1,983		\$1,983	
71400	Fraud recovery	\$ 3,966		\$ 3,966	
70000	Total Revenue	\$ 2,677,341	\$ 107,436	\$ 2,569,905	\$ -
91100	Administrative salaries	\$ 102,167		\$102,167	
91200	Auditing fees	\$ 2,219		\$2,219	
91300	Management Fee	\$ 45,732		\$45,732	
91500	Employee benefit contributions - administrative	\$ 72,781		\$72,781	
91600	Office Expenses	\$ 5,278		\$5,278	
91700	Legal Expense	\$ 185		\$185	
91900	Other	\$ 33,940	\$3,106	\$30,834	
91000	Total Operating-Administrative	\$ 262,302	\$ 3,106	\$ 259,196	\$ -
92100	Tenant services - salaries	\$ 20,385	\$20,385		
92300	Employee benefit contributions - tenant services	\$ 12,527	\$12,527		
92400	Tenant services - other	\$ 71,004	\$71,004		
92500	Total Tenant Services	\$ 103,916	\$ 103,916	\$ -	\$ -
94300-100	Ordinary Maintenance and Operations Contracts - Janitorial Contracts	\$ 139		\$139	
94300	Ordinary Maintenance and Operations Contracts	\$ 139	\$ -	\$ 139	\$ -
94000	Total Maintenance	\$ 139	\$ -	\$ 139	\$ -
96120	Liability Insurance	\$ 502		\$502	
96130	Workmen's Compensation	\$ 3,898		\$3,898	
96100	Total Insurance Premiums	\$ 4,400	\$ -	\$ 4,400	\$ -
96210	Compensated absences	\$ 14,465	\$414	\$14,051	
96000	Total Other General Expenses	\$ 14,465	\$ 414	\$ 14,051	\$ -
96900	Total Operating Expenses	\$ 385,222	\$ 107,436	\$ 277,786	\$ -
97000	Excess Revenue Over Operating Expenses	\$ 2,292,119	\$ -	\$ 2,292,119	\$ -

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CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
PROGRAM - STATEMENT OF REVENUES EXPENSES AND CHANGES IN NET ASSETS
Year Ended September 30, 2008

			14.870	14.871	14.850b
Line Item No.	Description	Total Programs	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Development
97300-020	Home-Ownership	\$ 4,810		\$4,810	
97300-040	Tenant Protection	\$ 245,533		\$245,533	
97300-050	All Other	\$ 1,939,590		\$1,939,590	
97300	Housing assistance payments	\$ 2,189,933		\$ 2,189,933	
97400	Depreciation expense	\$ 55,209		\$0	\$55,209
90000	Total Expenses	\$ 2,630,364	\$ 107,436	\$ 2,467,719	\$ 55,209
10000	Excess (Deficiency) of Revenue Over (Under) Expenses	\$ 46,977	\$ -	\$ 102,186	\$ (55,209)
11030	Beginning equity	\$ 1,938,513	\$0	\$552,023	\$1,386,490
11040-010	Prior period adjustments and correction of errors - Editable	\$ (8,361)		-\$8,361	
11040	Prior period adjustments, equity transfers, and correction of errors	\$ (8,361)	\$ -	\$ (8,361)	\$ -
11170-001	Administrative Fee Equity- Beginning Balance	\$ 271,434		\$271,434	
11170-010	Administrative Fee Revenue	\$ 253,210		\$ 253,210	
11170-021	FSS Coordinator Grant	\$ 33,547		\$ 33,547	
11170-040	Investment Income	\$ 1,650		\$ 1,650	
11170-045	Fraud Recovery Revenue	\$ 1,983		\$ 1,983	
11170-060	Total Admin Fee Revenues	\$ 290,390		\$ 290,390	
11170-080	Total Operating Expenses	\$ 277,786		\$ 277,786	
11170-110	Total Expenses	\$ 277,786		\$ 277,786	
11170-002	Net Administrative Fee	\$ 12,604		\$ 12,604	
11170-003	Administrative Fee Equity- Ending Balance	\$ 284,038		\$ 284,038	
11170	Administrative Fee Equity	\$ 284,038		\$ 284,038	
11180-001	Housing Assistance Payments Equity - Begining Balance	\$ 280,589		\$280,589	
11180-010	Housing Assistance Payment Revenues	\$ 2,275,883		\$ 2,275,883	
11180-015	Fraud Recovery Revenue	\$ 1,983		\$ 1,983	
11180-025	Investment Income	\$ 1,649		\$ 1,649	
11180-030	Total HAP Revenues	\$ 2,279,515		\$ 2,279,515	
11180-080	Housing Assistance Payments	\$ 2,189,933		\$ 2,189,933	
11180-100	Total Housing Assistance Payments Expenses	\$ 2,189,933		\$ 2,189,933	
11180-002	Net Housing Assistance Payments	\$ 89,582		\$ 89,582	
11180-003	Housing Assistance Payments Equity-Ending Balance	\$ 370,171		\$ 370,171	
11180	Housing Assistance Payments Equity	\$ 370,171		\$ 370,171	
11190-210	Total ACC HCV Units	5460		5,460	
11190	Unit Months Available	5460		5460	
11210	Unit Months Leased	5306		5306	

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CHILLCOTHE METROPOLITAN HOUSING AUTHORITY
COCC - STATEMENT OF NET ASSETS
September 30, 2008

Description	Central Office Cost Center
Balance Sheet	
Cash-unrestricted	\$194,073
Total Cash	\$ 194,073
Account receivable - miscellaneous	\$400
Total receivables, net of allowance for doubtful accounts	\$ 400
Prepaid expenses and other assets	\$1,334
Inventories	\$21,987
Allowance for obsolete inventories	-\$500
Inter program - due from	\$111,728
Total Current Assets	\$ 329,022
Land	\$42,044
Buildings	\$915,852
Furniture, equipment and machinery - administration	\$292,077
Leasehold improvements	\$504,327
Accumulated depreciation	-\$1,172,457
Total capital assets, net of accumulated depreciation	\$ 581,843
Total Non-current Assets	\$ 581,843
Total Assets	\$ 910,865
Bank overdraft	\$0
Accounts payable <= 90 days	\$8,692
Accrued wage/payroll taxes payable	\$23,278
Accrued compensated absences - current portion	\$25,468
Inter program - due to	\$105,008
Total Current Liabilities	\$ 162,446
Accrued compensated absences- Non-current	\$338
Total Non-current liabilities	\$ 338
Total Liabilities	\$ 162,784
Invested in capital assets, net of related debt	\$581,843
Restricted Net Assets	
Unrestricted Net Assets	\$166,238
Total Equity/Net Assets	\$ 748,081
Total Liabilities and Equity/Net assets	\$ 910,865

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CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
COCC - STATEMENT OF REVENUES EXPENSES AND CHANGES IN NET ASSETS
Year Ended September 30, 2008

Description	COCC Total	Operations	Capital Fund
Capital grants	\$ 4,483		\$4,483
Management Fee	\$ 247,871	\$247,871	
Asset Management Fee	\$ 46,200	\$46,200	
Book-Keeping Fee	\$ 33,637	\$33,637	
Total Fee Revenue	\$ 327,708	\$ 327,708	\$ -
Total Revenue	\$ 332,191	\$ 327,708	\$ 4,483
Administrative salaries	\$ 166,573	\$166,573	
Auditing fees	\$ 887	\$887	
Advertising and Marketing	\$ 925	\$925	
Employee benefit contributions - administrative	\$ 49,987	\$49,987	
Office Expenses	\$ 55,613	\$55,613	
Legal Expense	\$ 185	\$185	
Travel	\$ 3,437	\$3,437	
Other	\$ 4,137	\$4,137	
Total Operating-Administrative	\$ 281,744	\$ 281,744	\$ -
Water	\$ 965	\$965	
Electricity	\$ 10,253	\$10,253	
Gas	\$ 3,799	\$3,799	
Total Utilities	\$ 15,017	\$ 15,017	\$ -
Ordinary maintenance and operations - labor	\$ 3,761	\$3,761	
Ordinary maintenance and operations - materials and other	\$ 2,965	\$2,965	
Ordinary Maintenance and Operations Contracts - Garbage and Trash Removal Contracts	\$ 331	\$331	
Ordinary Maintenance and Operations Contracts - Snow Removal Contracts	\$ 1,062	\$1,062	
Ordinary Maintenance and Operations Contracts - Landscape & Grounds Contracts	\$ 400	\$400	
Ordinary Maintenance and Operations Contracts - Janitorial Contracts	\$ 10,400	\$10,400	
Ordinary Maintenance and Operations Contracts - Routine Maintenance Contracts	\$ 41,356	\$41,356	\$0
Ordinary Maintenance and Operations Contracts - Misc Contracts	\$ 494	\$494	
Ordinary Maintenance and Operations Contracts	\$ 54,043	\$ 54,043	\$ -
Employee benefit contribution - ordinary maintenance	\$ 1,020	\$1,020	
Total Maintenance	\$ 61,789	\$ 61,789	\$ -
Property Insurance	\$ 16,277	\$16,277	
Workmen's Compensation	\$ 7,853	\$7,853	
Total Insurance Premiums	\$ 24,130	\$ 24,130	\$ -
Compensated absences	\$ 34,307	\$34,307	
Total Other General Expenses	\$ 34,307	\$ 34,307	\$ -
Total Operating Expenses	\$ 416,987	\$ 416,987	\$ -
Excess Revenue Over Operating Expenses	\$ (84,796)	\$ (89,279)	\$ 4,483
Depreciation expense	\$ 91,819	\$88,225	\$3,594
Total Expenses	\$ 508,806	\$ 505,212	\$ 3,594
Excess (Deficiency) of Revenue Over (Under) Expenses	\$ (176,615)	\$ (177,504)	\$ 889
Beginning equity	\$ 924,696	\$924,696	
Furniture & Equipment-Administrative Purchases	\$ 4,483		\$4,483

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CHILLCOTHE METROPOLITAN HOUSING AUTHORITY
PROJECT - STATEMENT OF NET ASSETS
September 30, 2008

Line Item No.	Description	Total Projects	OH024000010	OH024000020	OH024000030	OH024000040
113	Cash-other restricted	\$ 17,604			\$13,741	\$3,863
114	Cash-tenant security deposits	\$ 46,860	\$15,411	\$6,504	\$12,558	\$12,387
100	Total Cash	\$ 64,464	\$ 15,411	\$ 6,504	\$ 26,299	\$ 16,250
122-010	Accounts receivable - HUD other projects - Operating Subsidy	\$ 100,877	\$0	\$0	\$42,803	\$58,074
122-020	Accounts receivable - HUD other projects - Capital fund	\$ 86,376	\$173	\$67	\$7,565	\$78,571
122	Accounts receivable - HUD other projects	\$ 187,253	\$ 173	\$ 67	\$ 50,368	\$ 136,645
126	Accounts receivable - tenants	\$ 18,493	\$4,412	\$501	\$4,370	\$9,210
126.1	Allowance for doubtful accounts - tenants	\$ (16,500)	-\$4,000	-\$500	-\$4,000	-\$8,000
120	Total receivables, net of allowance for doubtful accounts	\$ 189,246	\$ 585	\$ 68	\$ 50,738	\$ 137,855
142	Prepaid expenses and other assets	\$ 10,791	\$2,113	\$778	\$4,452	\$3,448
143	Inventories	\$ 26,931	\$9,047	\$2,173	\$7,397	\$8,314
144	Inter program - due from	\$ 105,009	\$33,822	\$22,202	\$20,323	\$28,662
150	Total Current Assets	\$ 396,441	\$ 60,978	\$ 31,725	\$ 109,209	\$ 194,529
161	Land	\$ 871,233	\$138,006	\$58,000	\$358,253	\$316,974
162	Buildings	\$ 8,590,279	\$1,708,882	\$1,988,557	\$3,028,704	\$1,864,136
163	Furniture, equipment and machinery - dwellings	\$ 212,588	\$72,228	\$27,406	\$53,015	\$59,939
164	Furniture, equipment and machinery - administration	\$ 40,028	\$11,712	\$9,943	\$15,685	\$2,688
165	Leasehold improvements	\$ 9,557,336	\$3,169,401	\$431,396	\$2,361,268	\$3,595,271
166	Accumulated depreciation	\$ (12,427,670)	-\$3,697,245	-\$1,659,180	-\$2,809,457	-\$4,261,788
160	Total capital assets, net of accumulated depreciation	\$ 6,843,794	\$ 1,402,984	\$ 856,122	\$ 3,007,468	\$ 1,577,220
180	Total Non-current Assets	\$ 6,843,794	\$ 1,402,984	\$ 856,122	\$ 3,007,468	\$ 1,577,220
190	Total Assets	\$ 7,240,235	\$ 1,463,962	\$ 887,847	\$ 3,116,677	\$ 1,771,749

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CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
PROJECT - STATEMENT OF NET ASSETS
September 30, 2008

Line Item No.	Description	Total Projects	OH024000010	OH024000020	OH024000030	OH024000040
312	Accounts payable <= 90 days	\$ 129,998	\$15,501	\$7,921	\$19,799	\$86,777
321	Accrued wage/payroll taxes payable	\$ 8,930	\$3,099	\$1,661	\$1,872	\$2,298
333	Accounts payable - other government	\$ 51,429	\$35,471	\$13,045	\$390	\$2,523
341	Tenant security deposits	\$ 44,942	\$15,401	\$6,280	\$12,050	\$11,211
342-010	Deferred revenue - Operating Subsidy	\$ 84,581	\$60,714	\$23,867		
342	Deferred revenue	\$ 84,581	\$ 60,714	\$ 23,867	\$ -	\$ -
347	Inter program - due to	\$ 14,095	\$173	\$67	\$7,565	\$6,290
310	Total Current Liabilities	\$ 350,737	\$ 137,674	\$ 56,434	\$ 44,050	\$ 112,579
353	Non-current liabilities - other	\$ 17,604			\$13,741	\$3,863
354	Accrued compensated absences- Non-current	\$ 4,214	\$3,240	\$974		
350	Total Non-Current Liabilities	\$ 21,818	\$ 3,240	\$ 974	\$ 13,741	\$ 3,863
300	Total Liabilities	\$ 372,555	\$ 140,914	\$ 57,408	\$ 57,791	\$ 116,442
508.1	Invested in capital assets, net of related debt	\$ 6,843,794	\$1,402,984	\$856,122	\$3,007,468	\$1,577,220
512.1	Unrestricted Net Assets	\$ 23,886	-\$79,936	-\$25,683	\$51,418	\$78,087
513	Total Equity/Net Assets	\$ 6,867,680	\$ 1,323,048	\$ 830,439	\$ 3,058,886	\$ 1,655,307
600	Total Liabilities and Equity/Net assets	\$ 7,240,235	\$ 1,463,962	\$ 887,847	\$ 3,116,677	\$ 1,771,749

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CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
PROJECT - STATEMENT OF REVENUES EXPENSES AND CHANGES IN NET ASSETS
Year Ended September 30, 2008

Line Item No.	Description	Total Projects	OH024000010	Operating Fund Program	Capital Fund Program	OH024000020	Operating Fund Program	Capital Fund Program	OH024000030	Operating Fund Program	Capital Fund Program	OH024000040	Operating Fund Program	Capital Fund Program
70300	Net tenant rental revenue	\$ 587,186	\$ 291,351	\$291,351		\$ 126,611	\$126,611		\$ 91,125	\$91,125		\$ 78,099	\$78,099	
70400	Tenant revenue - other	\$ 10,636	\$ 7,701	\$7,701		\$ 2,935	\$2,935		\$ -			\$ -		
70500	Total Tenant Revenue	\$ 597,822	\$ 299,052	\$ 299,052	\$ -	\$ 129,546	\$ 129,546	\$ -	\$ 91,125	\$ 91,125	\$ -	\$ 78,099	\$ 78,099	\$ -
70600	HUD PHA operating grants	\$ 1,253,819	\$ 312,411	\$307,827	\$4,584	\$ 122,519	\$119,854	\$2,665	\$ 329,395	\$319,314	\$10,081	\$ 489,494	\$394,924	\$94,570
70610	Capital grants	\$ 470,665	\$ 27,570			\$27,570	\$ -		\$ 369,548		\$369,548	\$ 73,547		\$73,547
71100	Investment income - unrestricted	\$ 3,610	\$ 902	\$902		\$ 361	\$361		\$ 650	\$650		\$ 1,697	\$1,697	
71500	Other revenue	\$ 8,860	\$ 1,540	\$1,540		\$ 240	\$240		\$ 3,387	\$3,387		\$ 3,693	\$3,693	
70000	Total Revenue	\$ 2,334,776	\$ 641,475	\$ 609,321	\$ 32,154	\$ 252,666	\$ 250,001	\$ 2,665	\$ 794,105	\$ 414,476	\$ 379,629	\$ 646,530	\$ 478,413	\$ 168,117
91100	Administrative salaries	\$ 61,678	\$ 23,763	\$23,763		\$ 10,932	\$10,932		\$ 11,484	\$11,484		\$ 15,499	\$15,499	
91200	Auditing fees	\$ 7,421	\$ 2,523	\$2,523		\$ 965	\$965		\$ 1,781	\$1,781		\$ 2,152	\$2,152	
91300	Management Fee	\$ 202,139	\$ 69,227	\$69,227		\$ 26,411	\$26,411		\$ 49,983	\$49,983		\$ 56,518	\$56,518	
91310	Book-Keeping Fee	\$ 33,637	\$ 11,520	\$11,520		\$ 4,395	\$4,395		\$ 8,317	\$8,317		\$ 9,405	\$9,405	
91400	Advertising and Marketing	\$ 324	\$ 110	\$110		\$ 42	\$42		\$ 78	\$78		\$ 94	\$94	
91500	Employee benefit contributions - administrative	\$ 58,084	\$ 20,360	\$20,360		\$ 8,558	\$8,558		\$ 13,385	\$13,385		\$ 15,781	\$15,781	
91600	Office Expenses	\$ 9,567	\$ 4,950	\$4,950		\$ 4,610	\$4,610		\$ (1,528)	-\$1,528		\$ 1,535	\$1,535	
91700	Legal Expense	\$ 3,748	\$ 108	\$108		\$ -			\$ 1,673	\$1,673		\$ 1,967	\$1,967	
91900	Other	\$ 6,736	\$ 1,480	\$389	\$1,091	\$ 567	\$150	\$417	\$ 3,272	\$3,272	\$0	\$ 1,417	\$323	\$1,094
91000	Total Operating-Administrative	\$ 383,334	\$ 134,041	\$ 132,950	\$ 1,091	\$ 56,480	\$ 56,063	\$ 417	\$ 88,445	\$ 88,445	\$ -	\$ 104,368	\$ 103,274	\$ 1,094
92000	Asset Management Fee	\$ 46,200	\$ 15,600	\$15,600		\$ 5,880	\$5,880		\$ 11,400	\$11,400		\$ 13,320	\$13,320	
92400	Tenant services - other	\$ 6,059	\$ 2,043	\$2,043		\$ 780	\$780		\$ 1,443	\$1,443		\$ 1,793	\$1,793	
92500	Total Tenant Services	\$ 6,059	\$ 2,043	\$ 2,043	\$ -	\$ 780	\$ 780	\$ -	\$ 1,443	\$ 1,443	\$ -	\$ 1,793	\$ 1,793	\$ -
93100	Water	\$ 67,136	\$ 13,578	\$13,578		\$ 7,845	\$7,845		\$ 33,352	\$33,352		\$ 12,361	\$12,361	
93200	Electricity	\$ 138,884	\$ 85,650	\$85,650		\$ 34,535	\$34,535		\$ 5,740	\$5,740		\$ 12,959	\$12,959	
93300	Gas	\$ 17,561	\$ -			\$ 6,611	\$6,611		\$ 4,092	\$4,092		\$ 6,858	\$6,858	
93600	Sewer	\$ 83,502	\$ 16,062	\$16,062		\$ 8,146	\$8,146		\$ 47,916	\$47,916		\$ 11,378	\$11,378	
93000	Total Utilities	\$ 307,083	\$ 115,290	\$ 115,290	\$ -	\$ 57,137	\$ 57,137	\$ -	\$ 91,100	\$ 91,100	\$ -	\$ 43,556	\$ 43,556	\$ -

See independent auditors' report

CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
PROJECT - STATEMENT OF REVENUES EXPENSES AND CHANGES IN NET ASSETS
Year Ended September 30, 2008

Line Item No.	Description	Total Projects	OH024000010	Operating Fund Program	Capital Fund Program	OH024000020	Operating Fund Program	Capital Fund Program	OH024000030	Operating Fund Program	Capital Fund Program	OH024000040	Operating Fund Program	Capital Fund Program
94100	Ordinary maintenance and operations - labor	\$ 129,722	\$ 44,971	\$ 44,971		\$ 23,995	\$ 23,995		\$ 28,869	\$ 28,869		\$ 31,887	\$ 31,887	
94200	Ordinary maintenance and operations - materials and other	\$ 151,447	\$ 19,733	\$ 19,733		\$ 7,588	\$ 7,588		\$ 25,581	\$ 25,581		\$ 98,545	\$ 26,265	\$ 72,280
94300-010	Ordinary Maintenance and Operations Contracts - Garbage and Trash Removal Contracts	\$ 20,687	\$ 2,950	\$ 2,950		\$ 1,041	\$ 1,041		\$ 7,381	\$ 7,381		\$ 9,315	\$ 9,315	
94300-020	Ordinary Maintenance and Operations Contracts - Heating & Cooling Contracts	\$ 20,409	\$ 3,156	\$ 3,156		\$ 4,729	\$ 4,729		\$ 5,882	\$ 5,882		\$ 6,642	\$ 6,642	
94300-030	Ordinary Maintenance and Operations Contracts - Snow Removal Contracts	\$ 11,188	\$ 2,338	\$ 2,338		\$ 1,837	\$ 1,837		\$ 2,338	\$ 2,338		\$ 4,675	\$ 4,675	
94300-040	Ordinary Maintenance and Operations Contracts - Elevator Maintenance Contracts	\$ 40,359	\$ 31,132	\$ 31,132		\$ 9,227	\$ 9,227		\$ -	\$ -		\$ -	\$ -	
94300-050	Ordinary Maintenance and Operations Contracts - Landscape & Grounds Contracts	\$ 66,432	\$ 14,617	\$ 14,617		\$ 7,569	\$ 7,569		\$ 16,707	\$ 15,812	\$ 895	\$ 27,539	\$ 22,964	\$ 4,575
94300-060	Ordinary Maintenance and Operations Contracts - Unit Turnaround Contracts	\$ 82,118	\$ 22,035	\$ 22,035		\$ 2,725	\$ 2,725		\$ 20,289	\$ 20,289		\$ 37,069	\$ 37,069	
94300-070	Ordinary Maintenance and Operations Contracts - Electrical Contracts	\$ 15,271	\$ 13,425	\$ 13,425		\$ 641	\$ 641		\$ 644	\$ -222	\$ 866	\$ 561	\$ 561	
94300-080	Ordinary Maintenance and Operations Contracts - Plumbing Contracts	\$ 4,625	\$ 610	\$ 610		\$ 975	\$ 975		\$ 225	\$ 225		\$ 2,815	\$ 2,815	
94300-090	Ordinary Maintenance and Operations Contracts - Extermination Contracts	\$ 13,453	\$ 3,991	\$ 3,991		\$ 1,291	\$ 1,291		\$ 2,817	\$ 2,817		\$ 5,354	\$ 5,354	
94300-100	Ordinary Maintenance and Operations Contracts - Janitorial Contracts	\$ 10,400	\$ 9,600	\$ 9,600		\$ -	\$ -		\$ -	\$ -		\$ 800	\$ 800	
94300-110	Ordinary Maintenance and Operations Contracts - Routine Maintenance Contracts	\$ 31,773	\$ 10,376	\$ 10,376	\$ -2,289	\$ 7,257	\$ 7,257		\$ 5,928	\$ 5,928		\$ 8,212	\$ 4,258	\$ 3,954
94300-120	Ordinary Maintenance and Operations Contracts - Misc Contracts	\$ 28,272	\$ 27,776	\$ 27,776		\$ 3,931	\$ 3,931		\$ (734)	\$ -734		\$ (2,701)	\$ -2,701	
94300	Ordinary Maintenance and Operations Contracts	\$ 344,987	\$ 142,006	\$ 144,295	\$ (2,289)	\$ 41,223	\$ 41,223	\$ -	\$ 61,477	\$ 59,716	\$ 1,761	\$ 100,281	\$ 91,752	\$ 8,529
94500	Employee benefit contribution - ordinary maintenance	\$ 115,570	\$ 38,285	\$ 38,285		\$ 18,186	\$ 18,186		\$ 29,792	\$ 29,792		\$ 29,307	\$ 29,307	
94000	Total Maintenance	\$ 741,726	\$ 244,995	\$ 247,284	\$ (2,289)	\$ 90,992	\$ 90,992	\$ -	\$ 145,719	\$ 143,958	\$ 1,761	\$ 260,020	\$ 179,211	\$ 80,809
95200	Protective services - other contract costs	\$ 29,018	\$ 5,782		\$ 5,782	\$ 2,248		\$ 2,248	\$ 8,320		\$ 8,320	\$ 12,668		\$ 12,668
95000	Total Protective Services	\$ 29,018	\$ 5,782	\$ -	\$ 5,782	\$ 2,248	\$ -	\$ 2,248	\$ 8,320	\$ -	\$ 8,320	\$ 12,668	\$ -	\$ 12,668
96110	Property Insurance	\$ 24,716	\$ 5,421	\$ 5,421		\$ 1,927	\$ 1,927		\$ 5,421	\$ 5,421		\$ 11,947	\$ 11,947	
96120	Liability Insurance	\$ 22,834	\$ 13,599	\$ 13,599		\$ 1,577	\$ 1,577		\$ 4,089	\$ 4,089		\$ 3,569	\$ 3,569	
96130	Workmen's Compensation	\$ 10,538	\$ 3,519	\$ 3,519		\$ 1,767	\$ 1,767		\$ 2,206	\$ 2,206		\$ 3,046	\$ 3,046	
96100	Total Insurance Premiums	\$ 58,088	\$ 22,539	\$ 22,539	\$ -	\$ 5,271	\$ 5,271	\$ -	\$ 11,716	\$ 11,716	\$ -	\$ 18,562	\$ 18,562	\$ -
96210	Compensated absences	\$ 17,285	\$ 5,615	\$ 5,615		\$ 3,750	\$ 3,750		\$ 3,133	\$ 3,133		\$ 4,787	\$ 4,787	
96300	Payments in lieu of taxes	\$ 32,036	\$ 16,579	\$ 16,579		\$ 7,137	\$ 7,137		\$ 5,797	\$ 5,797		\$ 2,523	\$ 2,523	
96400	Bad debt - tenant rents	\$ 24,688	\$ 5,230	\$ 5,230		\$ 46	\$ 46		\$ 9,337	\$ 9,337		\$ 10,075	\$ 10,075	
96000	Total Other General Expenses	\$ 74,009	\$ 27,424	\$ 27,424	\$ -	\$ 10,933	\$ 10,933	\$ -	\$ 18,267	\$ 18,267	\$ -	\$ 17,385	\$ 17,385	\$ -
96900	Total Operating Expenses	\$ 1,645,517	\$ 567,714	\$ 563,130	\$ 4,584	\$ 229,721	\$ 227,056	\$ 2,665	\$ 376,410	\$ 366,329	\$ 10,081	\$ 471,672	\$ 377,101	\$ 94,571
97000	Excess Revenue Over Operating Expenses	\$ 689,259	\$ 73,761	\$ 46,191	\$ 27,570	\$ 22,945	\$ 22,945	\$ -	\$ 417,695	\$ 48,147	\$ 369,548	\$ 174,858	\$ 101,312	\$ 73,546
97200	Casualty losses- Non-capitalized	\$ 4,284	\$ 750	\$ 750		\$ 750	\$ 750		\$ 1,711	\$ 1,711		\$ 1,073	\$ 1,073	
97400	Depreciation expense	\$ 774,687	\$ 235,601	\$ 212,972	\$ 22,629	\$ 77,149	\$ 76,716	\$ 433	\$ 178,964	\$ 146,741	\$ 32,223	\$ 282,973	\$ 270,801	\$ 12,172
90000	Total Expenses	\$ 2,424,488	\$ 804,065	\$ 776,852	\$ 27,213	\$ 307,620	\$ 304,522	\$ 3,098	\$ 557,085	\$ 514,781	\$ 42,304	\$ 755,718	\$ 648,975	\$ 106,743
10000	Excess (Deficiency) of Revenue Over (Under) Expenses	\$ (89,712)	\$ (162,590)	\$ (167,531)	\$ 4,941	\$ (54,954)	\$ (54,521)	\$ (433)	\$ 237,020	\$ (100,305)	\$ 337,325	\$ (109,188)	\$ (170,562)	\$ 61,374
11030	Beginning equity	\$ 6,967,904	\$ 1,485,638	\$ 1,185,133	\$ 300,505	\$ 885,393	\$ 879,109	\$ 6,284	\$ 2,832,378	\$ 2,563,893	\$ 268,485	\$ 1,764,495	\$ 1,630,186	\$ 134,309
11040-010	Prior period adjustments and correction of errors - Editable	\$ (10,512)	\$ -	\$ 0		\$ -	\$ 0		\$ (10,512)	\$ -10,512	\$ 0	\$ -	\$ 0	
11040	Prior period adjustments, equity transfers, and correction of errors	\$ (10,512)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (10,512)	\$ (10,512)	\$ -	\$ -	\$ -	\$ -
11190	Unit Months Available	4620	1560	1560		588	588		1140	1140		1332	1332	
11210	Unit Months Leased	4495	1536	1536		586	586		1109	1109		1264	1264	
11270	Excess Cash	\$ (9,622)	\$ (87,856)	\$ (87,856)		\$ (27,660)	\$ (27,660)		\$ 39,569	\$ 39,569		\$ 66,325	\$ 66,325	
11630	Furniture & Equipment-Dwelling Purchases	\$ 34,850	\$ -			\$ -			\$ 34,543		\$ 34,543	\$ 307		\$ 307
11650	Leasehold Improvements Purchases	\$ 435,815	\$ 27,570		\$ 27,570	\$ -			\$ 335,005		\$ 335,005	\$ 73,240		\$ 73,240

See independent auditors' report

CHILLCOTHE METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
Year Ended September 30, 2008

	FEDERAL CFDA NUMBER	FUNDS EXPENDED
<u>FROM U.S. DEPARTMENT OF HUD</u>		
<u>DIRECT PROGRAMS</u>		
PHA Owned Housing:		
Public and Indian Housing	14.850A	\$ 1,141,919
Resident Opportunity and Supportive Services	14.870	107,436
Public Housing Capital Fund	14.872	587,048
Housing Assistance Payments:		
Annual Contribution -		
Section 8 Housing Choice Vouchers	14.871	2,562,640
Total - All Programs		\$ 4,399,043

See independent auditors' report

**CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
COST CERTIFICATION
Year Ended September 30, 2008**

	<u>501-04</u>
TOTAL EXPENDITURES	\$ <u>662,972</u>
TOTAL RECEIPTS	\$ <u>662,972</u>

1. The actual cost certificate was signed by the Authority.
2. All costs have been paid through September 30, 2008 and there are no outstanding liabilities.
3. The final costs on the certificates agree with the Authority's records.

See independent auditors' report



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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
Chillicothe Metropolitan Housing Authority
Chillicothe, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited the basic financial statements for Chillicothe Metropolitan Housing Authority as of and for the year ended September 30, 2008 and have issued our report thereon dated September 30, 2009 our audit in accordance with auditing standards generally accepted in the United States of America and the standard applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control. We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: FINDING #2008-0426-001.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. The deficiency noted above is considered a material weakness.

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Compliance and Other Matters

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

We have noted other matters we reported to management in a separate letter dated September 30, 2009.

The authority's response to the finding is identified in our audit and is described in the accompanying schedule of findings. We did not audit the Authority's response and, accordingly, we express no opinion on it.

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



Jones, Cochenour & Co.
September 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
Chillicothe Metropolitan Housing Authority
Chillicothe, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Compliance

We have audited the compliance of Chillicothe Metropolitan Housing Authority with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133* that are applicable to each of its major federal programs for the year ended September 30, 2008. Chillicothe Metropolitan Housing Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Chillicothe Metropolitan Housing Authority's management. Our responsibility is to express an opinion on Chillicothe Metropolitan Housing Authority's compliance based on our audit.

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

In our opinion, Chillicothe Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2008

Internal Control Over Compliance

The management of Chillicothe Metropolitan Housing Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Chillicothe Metropolitan Housing Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of internal control over compliance.

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A control deficiency in an entity'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 entity'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 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 material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

A handwritten signature in black ink that reads "Jones, Cochenour & Co." with a stylized flourish at the end.

Jones, Cochenour & Co.
September 30, 2009

**Summary of Auditors' Results and Schedule of Findings
OMB Circular A-133 § .505**

**Chillicothe Metropolitan Housing Authority
September 30, 2007**

1. SUMMARY OF AUDITORS' RESULTS

Financial Statements:	
Type of Financial Statement Opinion	Unqualified
At the financial statement level, were there any material weaknesses reported?	Yes
At the financial statement level, were there any significant deficiencies identified that are not considered material weaknesses?	No
At the financial statement level, was there any material noncompliance?	No
Federal Awards:	
Were there any material weaknesses in internal control over major programs identified?	No
Were there any significant deficiencies that are not considered to be material weaknesses in internal control over major programs?	No
Type of Major Program Compliance Opinion	Unqualified
Are there any audit findings under § .510(a) of OMB Circular A-133?	No
Major Programs:	CFDA# 14.850a – Public and Indian Housing CFDA# 14.872 – Capital Fund
Dollar Threshold: Type A/B Programs	\$300,000
Low Risk Auditee?	Yes

**Summary of Auditors' Results and Schedule of Findings
OMB Circular A-133 § .505 - Continued**

**Chillicothe Metropolitan Housing Authority
September 30, 2008**

2. FINDINGS RELATED TO FINANCIAL STATEMENTS
--

FINDING # 2008-0426-001 - SIGNIFICANT DEFICIENCY/MATERIAL WEAKNESS

Criteria: The Authority needs to have the 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 will not be prevented by the authority's internal control.

Condition: The Authority had errors in the current year financial statements and the depreciation schedule was difficult to follow. The Authority has a conditional acceptance on the unaudited FDS submitted for September 30, 2008.

Context: The deficiency was discovered during our audit procedures of the financial statement balances.

Effect: The original financial statements prepared by the Authority as Financial Data Schedules (FDS) were not complete and could have been misleading to any users of the financial information.

Cause: The cause for the misstatement was recording errors.

Recommendation: We recommend that in future closings more care is taken in the preparation of the financial statements and that the Authority have available all the appropriate documentation necessary for each of the significant balance sheet accounts. We also recommend that a depreciation schedule be set up that combines all of the Authority's assets by account groupings and provides more clarity on the detail that combines into the total.

Views of the responsible officials and planned corrective actions: Management has reviewed the issues noted and will monitor closely the closing activities of the Authority in the future and prepare a more accurate depreciation schedule.

The conditional acceptance will be addressed in the audited HUD REAC Submission.

3. FINDINGS RELATED TO FEDERAL AWARDS
--

There are no findings for the year ended September 30, 2008.

CHILLCOTHE METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF PRIOR AUDIT FINDINGS
September 30, 2008

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid ; Explain:
2007-0426-001	Errors in Financial Statements and Depreciation Schedule	No	Reissued as 2008-0426-001



Mary Taylor, CPA
Auditor of State

CHILLICOTHE METROPOLITAN HOUSING AUTHORITY

ROSS 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
DECEMBER 22, 2009**