

Gallia Metropolitan Housing Authority

Gallia County

Single Audit

January 01, 2009 through December 31, 2009

Year Audited Under GAGAS: 2009



**Balestra, Harr & Scherer, CPAs, Inc.**

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# Mary Taylor, CPA

Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Gallia Metropolitan Housing Authority, Gallia County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2009 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Gallia Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA  
Auditor of State

August 12, 2010

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**Gallia Metropolitan Housing Authority**  
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*For the Year Ended December 31, 2009*

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### Independent Auditor's Report

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

We have audited the basic financial statements of the business-type activities of the Gallia Metropolitan Housing Authority (the Authority), Gallia County, as of and for the year ended December 31, 2009, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Authority, as of December 31, 2009, and the changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2010, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplemental financial data on pages 23 through 26 are presented for additional analysis as required by the U.S. Department of Housing and Urban Development and is not a required part of the basic financial statements. Such information has been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying schedule of federal awards expenditures on page 21 presented for the purpose of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Balestra, Harr & Scherer, CPAs, Inc.  
June 30, 2010

Gallia Metropolitan Housing Authority  
Bidwell, Ohio  
Year Ended December 31, 2009

**Management's Discussion and Analysis**

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

Because the Management's Discussion and Analysis is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements, beginning on page 9.

Financial Highlights

The Authority's net assets decreased by \$204,919 during 2009. Net assets reported by the Authority were \$6,617,423 and \$6,822,342 as of December 31, 2009 and 2008, respectively.

Revenue increased by \$25,466 from \$1,567,455 for the year ended December 31, 2008 to \$1,592,921 for the year ended December 31, 2009.

The total expenses decreased by \$949, from \$1,798,789 for the year ended December 31, 2008 to \$1,797,840 for the year ended December 31, 2009.

Using This Annual Report

The Report includes the following sections:

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

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

Gallia Metropolitan Housing Authority  
Bidwell, Ohio  
Year Ended December 31, 2009

Basic Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

Gallia Metropolitan Housing Authority  
 Bidwell, Ohio  
 Year Ended December 31, 2009

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

Basic Financial Statements

TABLE 1  
 Statement of Net Assets

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

	2009	2008
Current and Other Assets	\$1,601,237	\$1,414,119
Capital Assets, Net	5,273,935	5,657,838
Total Assets	6,875,172	7,071,957
Other Liabilities	67,879	63,893
Long-Term Liabilities	189,870	185,722
Total Liabilities	257,749	249,615
Net Assets:		
Invested in Capital Assets, Net of Related Debt	5,273,935	5,657,838
Unrestricted	1,343,488	1,164,504
Total Net Assets	<b>\$6,617,423</b>	<b>\$6,822,342</b>

**Major Factors Affecting the Statement of Net Assets**

Capital assets decreased due to depreciation expense as discussed further in Table 4. Current assets and net assets do not reflect any significant changes in comparing the two years.

Gallia Metropolitan Housing Authority  
 Bidwell, Ohio  
 Year Ended December 31, 2009

TABLE 2  
 Statement of Revenues, Expenses and Changes in Net Assets

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

	2009	2008
Revenues		
Tenant Revenue-Rents and Other	\$127,044	\$103,569
Operating Subsidies and Grants	1,089,015	1,059,644
Capital Grants	292,182	333,659
Investment Income/Other Revenues	84,680	70,583
Total Revenues	1,592,921	1,567,455
Expenses		
Administration	441,907	458,684
Tenant Service	924	172
Utilities	137,996	124,683
Maintenance	253,015	258,843
Protective Services	6,508	17,475
General	54,736	47,955
Housing Assistance Payment	492,609	480,832
Depreciation	410,145	410,145
Total Expenses	1,797,840	1,798,789
Change in Net Assets	(204,919)	(231,334)
Net Assets, Beginning of Year	6,822,342	7,053,676
Net Assets, End of Year	\$6,617,423	\$6,822,342

**Major Factors Affecting the Statement of Revenue, Expense and Changes in Net Assets**

Total income increased due to higher tenant revenue. Expenses remained approximately the same as prior year.

Gallia Metropolitan Housing Authority  
 Bidwell, Ohio  
 Year Ended December 31, 2009

**Capital Assets**

As of year end the Authority had \$5,273,935 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (additions, deductions, and depreciations) of \$383,903 from the end of last year.

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

	2009	2008
Land	\$879,069	\$879,069
Construction in Progress	1,084,679	1,058,437
Buildings	2,779,841	2,976,024
Building & Site Improvements	522,583	724,185
Furniture and Equipment-Dwellings	2,428	3,482
Furniture and Equipment-Administration	5,335	16,641
Total	<b>\$5,273,935</b>	<b>\$5,657,838</b>

The following reconciliation summarizes the change in Capital Assets

TABLE 4  
 Change in Capital Assets

Beginning Balance	\$5,657,838
Additions	26,242
Depreciation	(410,145)
Ending Balance	<b>\$5,273,935</b>

See Note 3 of notes to the financial statements for additional information on the Authority's capital assets.

**Debt Administration**

As of December 31, 2009 the Authority had no debt outstanding.

Gallia Metropolitan Housing Authority  
Bidwell, Ohio  
Year Ended December 31, 2009

**Economic Factors**

Significant economic factors affecting the Authority are as follows:

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

**Financial Contact**

The individual to be contacted regarding this report is: Zac Fosler, Executive Director Gallia Metropolitan Housing Authority. Specific request may be submitted to Mr. Fosler at 381 Buck Ridge Road, Bidwell, OH 45614. Phone: (740) 446-0251. Fax: (740) 446-6728. Email: [zfosler@galliamha.org](mailto:zfosler@galliamha.org).

GALLIA METROPOLITAN HOUSING AUTHORITY  
 BIDWELL, OHIO  
 STATEMENT OF NET ASSETS  
 FOR THE YEAR ENDED DECEMBER 31, 2009

	ENTERPRISE FUND
<b>ASSETS</b>	
Current Assets	
Cash - Unrestricted	\$ 216,499
Cash - Restricted	507,520
Cash - Tenant Security Deposits	21,382
Accounts Receivable:	
Fraud Recovery	2,931
Tenants - Dwelling Rents	17,597
Investments - Restricted	796,015
Inventories	25,660
Prepaid Expense	13,633
	1,601,237
Total Current Assets	
Noncurrent Assets:	
Capital Assets:	
Non-depreciable Capital Assets	1,963,748
Depreciable Capital Assets	3,310,187
	5,273,935
Total Noncurrent Assets	
Total Assets	\$ 6,875,172
Liabilities	
Current Liabilities:	
Accrued Wages/Payroll Taxes Payable	\$ 12,888
Accounts Payable:	
<= 90 Days Past Due	26,850
HUD PHA Programs	
Compensated Absences	9,486
Tenant Security Deposits	18,655
	67,879
Total Current Liabilities	
Noncurrent Liabilities:	
Accounts Payable >=90 Days Past Due	2,804
Noncurrent Liabilities - Other	156,125
Compensated Absences	30,941
	189,870
Total Noncurrent Liabilities	
Total Liabilities	257,749
Net Assets	
Invested in Capital Assets, Net of Related Debt	5,273,935
Unrestricted	1,343,488
	6,617,423
Total Net Assets	
Total Liabilities and Net Assets	\$ 6,875,172

GALLIA METROPOLITAN HOUSING AUTHORITY  
 BIDWELL, OHIO  
 STATEMENT OF REVENUES, EXPENSES, AND  
 CHANGES IN NET ASSETS  
 FOR THE YEAR ENDED DECEMBER 31, 2009

	ENTERPRISE FUND
Revenues	
Tenant Revenues:	
Net Tenant Rental Revenue	\$ 127,044
Total Tenant Revenue	127,044
HUD PHA Grants/Operating Grants	1,089,015
Other Revenue	30,685
Total Revenue	1,246,744
Expenses	
Administrative:	
Administrative Salaries	232,307
Auditing Fees	8,764
Employee Benefit Contributions	136,627
Compensated Absences	3,943
Other Operating	60,266
Total Administrative	441,907
Tenant Services:	
Other	924
Total Tenant Services	924
Utilities:	
Water	112,932
Electric	21,834
Gas	3,230
Total Utilities	137,996
Ordinary Maintenance & Operation	
Labor	91,989
Materials and other	73,328
Contract Costs	14,508
Protective Services-Other Contract Costs	6,508
Employee Benefit Contributions	63,577
Compensated Absences	9,613
Total Ordinary Maintenance Operation	259,523
General Expenses:	
Insurance Premiums	39,955
Bad Debt - Tenant Rents	14,781
Total General Expenses	54,736
Other Expenses:	
Housing Assistance Payments	492,609
Depreciation Expense	410,145
Total Other Expenses	902,754
Total Operating Expenses	1,797,840
Operating Income/(Loss)	(551,096)
Nonoperating Revenues:	
Capital Grants	292,182
Investment Income-Restricted	49,478
Investment Income-Unrestricted	4,517
Total Nonoperating Revenues	346,177
Change in Net Assets	(204,919)
Net Assets Beginning of Year	6,822,342
Total Net Assets at End of Year	\$ 6,617,423

GALLIA METROPOLITAN HOUSING AUTHORITY  
 BIDWELL, OHIO  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>ENTERPRISE FUND</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Tenants	\$ 131,080
Receipts from operating grants	1,089,015
Other operating receipts	30,685
Housing assistance payments	(492,609)
Payments for general and administrative expense	(888,092)
Net Cash Provided By/(Used For) Operating Activities	<u>(129,921)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest	53,995
Change in investments	166,213
Net Cash Provided By Investing Activities	<u>220,208</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Capital Grants	292,182
Interprogram transfers	
Change in capital assets	(26,242)
Net Cash Provided By Capital Financing Activities	<u>265,940</u>
Net Increase/(Decrease) In Cash and Cash Equivalents	356,227
Cash At The Beginning Of Year	389,174
Cash At End Of Year	<u>\$ 745,401</u>
RECONCILIATION OF OPERATING INCOME/(LOSS) TO CASH PROVIDED BY/(USED FOR) OPERATING ACTIVITIES	
Net Operating Income/(Loss)	(551,096)
Adjustments to Reconcile Net Income/(Loss) to Net Cash Provided by Operating Activities:	
Depreciation	410,145
Operating Capital Grants	
Changes in Operating Assets and Liabilities that Increase/(Decrease)	
Cash Flows:	
(Increase) Decrease In:	
Accounts Receivable - dwelling rent	4,036
Prepaid Expenses	157
Inventory	(1,297)
Increase (Decrease) In:	
Accounts Payable	1,503
Security Deposits	(1,136)
Accrued Wages and Taxes	(1,719)
Accrued Compensated Absences	9,486
Total Adjustments	<u>11,030</u>
Net Cash Provided By Operating Activities	<u>\$ (129,921)</u>

**GALLIA METROPOLITAN HOUSING AUTHORITY**  
BIDWELL, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

**NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The Gallia Metropolitan Housing Authority (GMHA or Authority) was created under the Ohio Revised Code Section 3735.27 to engage in the acquisition, development, leasing, and administration of a low-rent housing program. An Annual Contributions Contract (ACC) was signed by the Gallia Metropolitan Housing Authority and the U.S. Department of Housing and Urban Development (HUD), under the provisions of the United States Housing Act of 1937 (42 U.S.C. 1437) Section 1.1. The Authority was also created in accordance with state law to eliminate housing conditions which are detrimental to the public peace, health, safety, morals, or welfare by purchasing, acquiring, constructing, maintaining, operating, improving, extending, and repairing housing facilities. The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 is the "primary government." A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability are the ability of the primary government to impose its will upon the potential component unit. These criteria were considered in determining the reporting entity.

**Description of Programs**

*Conventional Public Housing Program*

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

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

*Capital Fund Program*

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

*Housing Choice Voucher Program*

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

**GALLIA METROPOLITAN HOUSING AUTHORITY**  
BIDWELL, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

**NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred. All transactions are accounted for as proprietary fund type in a single enterprise fund. Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Authority follows GASB guidance as applicable to proprietary funds and Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. The Authority has elected not to apply FASB guidance issued after November 30, 1989.

**Use of Estimates**

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

**Cash and Cash Equivalents**

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

**Tenant Receivables-Recognition of Bad Debts**

Bad debts are recognized at the end of the year based on management's evaluation of the collectability of outstanding tenant receivable balances.

**Interprogram Due To/Due From**

At year-end, the Section 8 Voucher program has interprogram balances due to the Public Housing program in the amount of \$160,252. These interprogram balances are eliminated on the statement of net assets.

**Capital Assets**

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

Useful Lives:	
Buildings	40 years
Building & Site Improvements	15 years
Furniture & Equipment	7 years
Vehicles	5 years

Depreciation is recorded on the straight-line method.

**GALLIA METROPOLITAN HOUSING AUTHORITY**  
BIDWELL, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

**NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Capitalization of Interest**

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

**Investments**

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

**Net Assets**

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

**Operating Revenues and Expenses**

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

**NOTE 2-CASH AND INVESTMENTS**

**Cash**

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

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

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

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

**GALLIA METROPOLITAN HOUSING AUTHORITY**  
**BIDWELL, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

**NOTE 2-CASH AND INVESTMENTS** (Continued)

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

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

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

At December 31, 2009, the carrying amount of all Authority deposits was \$1,541,416. As of December 31, 2009, \$750,000 of the Authority's bank balance of \$1,551,935 was covered by Federal Deposit Insurance, and the remaining \$1,241,416 was covered by pooled securities held by the pledging financial institution's trust department.

The book balances at December 31, 2009, were as follows:

	Cash	Investments	Total
Low Rent Public Housing	\$725,569	\$796,015	\$1,521,584
Section 8 Housing Vouchers	19,832	0	19,832
Total	\$745,401	\$796,015	\$1,541,416

**Investments**

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

**GALLIA METROPOLITAN HOUSING AUTHORITY**  
**BIDWELL, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

**NOTE 2-CASH AND INVESTMENTS** (Continued)

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

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

**NOTE 3-CAPITAL ASSETS**

A summary of property and equipment at December 31, 2009, by class is as follows:

	<u>Balance</u> <u>12/31/08</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/09</u>
Capital Assets Not Being Depreciated:				
Land and Land Rights	\$879,069	\$0	\$0	\$879,069
Construction In Progress	<u>1,058,437</u>	<u>26,242</u>	<u>0</u>	<u>1,084,679</u>
Total Capital Assets Not Being Depreciated	1,937,506		0	1,963,748
Capital Assets Being Depreciated:				
Buildings	6,494,246	0	0	6,494,246
Buildings and Site Improvements	4,115,289	0	0	4,115,289
Vehicles	91,353	0	0	91,353
Furniture and Equipment-Dwelling	107,553	0	0	107,553
Furniture and Equipment-Administration	<u>198,173</u>	<u>0</u>	<u>0</u>	<u>198,173</u>
Total Capital Assets Being Depreciated	<u>11,006,614</u>	<u>0</u>	<u>0</u>	<u>11,006,614</u>
 Total Capital Assets	 <u>12,944,120</u>	 <u>26,242</u>	 <u>0</u>	 <u>12,970,362</u>
Accumulated Depreciation:				
Buildings	(3,518,222)	(196,183)	0	(3,714,405)
Building and Site Improvements	(3,391,104)	(201,602)	0	(3,592,706)
Vehicles	(91,353)	0	0	(91,353)
Furniture and Equipment-Dwelling	(104,071)	(1,054)	0	(105,125)
Furniture and Equipment-Administration	<u>(181,532)</u>	<u>(11,306)</u>	<u>0</u>	<u>(192,838)</u>
Total Accumulated Depreciation	<u>(7,286,282)</u>	<u>(410,145)</u>	<u>0</u>	<u>(7,696,427)</u>
 Net Capital Assets Being Depreciated	 <u>3,720,332</u>	 <u>(410,145)</u>	 <u>0</u>	 <u>3,310,187</u>
Net Capital Assets	<u><b>\$5,657,838</b></u>	<u><b>(\$383,903)</b></u>	<u><b>\$0</b></u>	<u><b>\$5,273,935</b></u>

**GALLIA METROPOLITAN HOUSING AUTHORITY**  
BIDWELL, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

**NOTE 4-ADMINISTRATIVE**

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

**NOTE 5-DEFINED PENSION PLANS AND POSTRETIREMENT BENEFIT**

Ohio Public Employees Retirement System: The Authority participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2009, member and employer contribution rates were consistent across all three plans. Separate divisions for law enforcement and public safety exist only within the traditional pension plan. The member contribution rates for 2009, 2008, and 2007 were 10.0%, 10.0%, and 9.5%, respectively, for members in state and local classifications and 10.1%, 10.1%, and 9.75%, respectively for members in public safety and law enforcement. The Authority is required to contribute 14.00%, 14.00%, and 13.85%, respectively, for state and local employers and 17.63%, 17.4%, and 17.17%, respectively for law enforcement and public safety employers for the years ended December 31, 2009, 2008, and 2007.

The Authority's contributions to the PERS of Ohio for the years ending December 31, 2009, 2008, and 2007 were \$77,521, \$89,755, and \$83,369 respectively which were equal to the required contributions for those years.

**GALLIA METROPOLITAN HOUSING AUTHORITY**  
BIDWELL, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

**NOTE 5-DEFINED PENSION PLANS AND POSTRETIREMENT BENEFIT** (Continued)

**POSTEMPLOYMENT BENEFITS**

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

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying members of both the TP and the CO Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

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

OPERS issues a stand-alone financial report. Interest parties may obtain a copy by writing OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

Employer's contributions are expressed as a percentage of the covered payroll of active members. In 2009, state and local employers contributed at a rate of 14.0% of covered payroll and public safety and law enforcement employers contributed at 17.63%. The Ohio Revised Code currently limits the employer contribution rate not to exceed 14.0% of covered payroll for state and local employer units and 18.1% of covered payroll for law and public safety employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care was 7.00% from January 1 through March 31, 2009 and 5.5% from April 1 through December 31, 2009. For 2008, the employer contributions allocated to the health care plan was 7.0% of covered payroll. For 2007, these percentages were 5.0% for January through June 2007 and 6.0% for July through December 2007. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

**GALLIA METROPOLITAN HOUSING AUTHORITY**  
BIDWELL, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

**NOTE 5-DEFINED PENSION PLANS AND POSTRETIREMENT BENEFIT** (Continued)

**PUBLIC EMPLOYEES RETIREMENT SYSTEM** (Continued)

The employer contributions that were used to fund post-employment benefits were \$38,761 for 2009, \$44,878 for 2008, and \$41,685 for 2007.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006 with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

**NOTE 6-COMPENSATED ABSENCES**

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

At December 31, 2009, using the vested method of accrual, \$40,427 was accrued by the Authority for unused vacation time and sick time.

**NOTE 7-INSURANCE**

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

**GALLIA METROPOLITAN HOUSING AUTHORITY**  
BIDWELL, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

**NOTE 8-CONTINGENCIES**

*Grants*

The Authority received financial assistance from federal and state agencies in the form of grants. The expenditures of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Authority. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Authority at December 31, 2009.

*Litigation*

The Authority is not party to any legal proceedings.

**GALLIA METROPOLITAN HOUSING AUTHORITY**  
**BIDWELL, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

<u>DIRECT FROM U.S. DEPARTMENT HOUSING AND URBAN DEVELOPMENT:</u>	<u>FEDERAL CFDA NUMBER</u>	<u>2009 FEDERAL EXPENDITURES</u>
Low Rent Public Housing	14.850a	\$532,270
Section 8 Housing Choice Vouchers	14.871	556,745
Public Housing Capital Fund	14.872	287,782
Public Housing Capital Fund - ARRA	14.885	<u>4,400</u>
<b>TOTAL - ALL PROGRAMS</b>		<b><u>\$1,381,197</u></b>

See accompanying Notes to the Schedule of Federal Awards Expenditures

**GALLIA METROPOLITAN HOUSING AUTHORITY**  
BIDWELL, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

**NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of federal awards expenditures is a summary of the activity of the Authority's federal award programs. The schedule has been prepared on the accrual basis of accounting.

GALLIA METROPOLITAN HOUSING AUTHORITY  
 BIDWELL, OHIO  
 STATEMENT OF NET ASSETS BY PROGRAM  
 FOR THE YEAR ENDED DECEMBER 31, 2009

	Section 8 Voucher	Public Housing	Capital Fund	ENTERPRISE FUND
<b>ASSETS</b>				
Current Assets				
Cash - Unrestricted	\$ 13,257	\$ 203,242	\$ -	\$ 216,499
Cash - Restricted	6,575	500,945	-	507,520
Cash - Tenant Security Deposits	-	21,382	-	21,382
Accounts Receivable:				
Fraud Recovery	2,931	-	-	2,931
Tenants - Dwelling Rents	-	17,597	-	17,597
Investments - Restricted	-	796,015	-	796,015
Inventories	-	25,660	-	25,660
Interprogram Due From	-	160,252	-	160,252
Prepaid Expense	238	13,395	-	13,633
<b>Total Current Assets</b>	<b>23,001</b>	<b>1,738,488</b>	<b>-</b>	<b>1,761,489</b>
Noncurrent Assets:				
Capital Assets:				
Non-depreciable Capital Assets	-	879,069	1,084,679	1,963,748
Depreciable Capital Assets	-	3,310,187	-	3,310,187
<b>Total Noncurrent Assets</b>	<b>-</b>	<b>4,189,256</b>	<b>1,084,679</b>	<b>5,273,935</b>
<b>Total Assets</b>	<b>\$ 23,001</b>	<b>\$ 5,927,744</b>	<b>\$ 1,084,679</b>	<b>\$ 7,035,424</b>
<b>Liabilities</b>				
Current Liabilities:				
Accrued Wages/Payroll Taxes Payable	\$ 396	\$ 12,492	\$ -	\$ 12,888
Accounts Payable:				
<= 90 Days Past Due	402	26,448	-	26,850
HUD PHA Programs				
Compensated Absences	3,943	5,543	-	9,486
Tenant Security Deposits	-	18,655	-	18,655
Interprogram Due To	160,252	-	-	160,252
<b>Total Current Liabilities</b>	<b>164,993</b>	<b>63,138</b>	<b>-</b>	<b>228,131</b>
Noncurrent Liabilities:				
Accounts Payable >=90 Days Past Due	-	2,804	-	2,804
Noncurrent Liabilities - Other	-	156,125	-	156,125
Compensated Absences	12,534	18,407	-	30,941
<b>Total Noncurrent Liabilities</b>	<b>12,534</b>	<b>177,336</b>	<b>-</b>	<b>189,870</b>
<b>Total Liabilities</b>	<b>177,527</b>	<b>240,474</b>	<b>-</b>	<b>418,001</b>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	-	4,189,256	1,084,679	5,273,935
Unrestricted	(154,526)	1,498,014	-	1,343,488
<b>Total Net Assets</b>	<b>(154,526)</b>	<b>5,687,270</b>	<b>1,084,679</b>	<b>6,617,423</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 23,001</b>	<b>\$ 5,927,744</b>	<b>\$ 1,084,679</b>	<b>\$ 7,035,424</b>

GALLIA METROPOLITAN HOUSING AUTHORITY  
 BIDWELL, OHIO  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS BY PROGRAM  
 FOR THE YEAR ENDED DECEMBER 31, 2009

	Section 8 Voucher	Public Housing	Capital Fund	ENTERPRISE FUND
<b>Revenues</b>				
Tenant Revenues:				
Net Tenant Rental Revenue	\$ -	\$ 127,044	\$ -	\$ 127,044
Total Tenant Revenue	-	127,044	-	127,044
HUD PHA Grants/Operating Grants	556,745	532,270	-	1,089,015
Other Revenue	1	30,684	-	30,685
<b>Total Revenue</b>	<b>556,746</b>	<b>689,998</b>	<b>-</b>	<b>1,246,744</b>
<b>Expenses</b>				
Administrative:				
Administrative Salaries	37,392	194,915	-	232,307
Auditing Fees	-	8,764	-	8,764
Employee Benefit Contributions	5,983	130,644	-	136,627
Compensated Absences	3,943	-	-	3,943
Other Operating	3,520	56,746	-	60,266
Total Administrative	50,838	391,069	-	441,907
Tenant Services:				
Other	-	924	-	924
Total Tenant Services	-	924	-	924
Utilities:				
Water	-	112,932	-	112,932
Electric	-	21,834	-	21,834
Gas	-	3,230	-	3,230
Total Utilities	-	137,996	-	137,996
Ordinary Maintenance & Operation				
Labor	-	91,989	-	91,989
Materials and other	-	73,328	-	73,328
Contract Costs	-	14,508	-	14,508
Protective Services-Other Contract Costs	-	6,508	-	6,508
Employee Benefit Contributions	-	63,577	-	63,577
Compensated Absences	-	9,613	-	9,613
Total Ordinary Maintenance Operation	-	259,523	-	259,523
General Expenses:				
Insurance Premiums	4,071	35,884	-	39,955
Bad Debt - Tenant Rents	-	14,781	-	14,781
Total General Expenses	4,071	50,665	-	54,736
Other Expenses:				
Operating Transfers Out			265,940	265,940
Housing Assistance Payments	492,609	-	-	492,609
Depreciation Expense	-	410,145	-	410,145
Total Other Expenses	492,609	410,145	265,940	1,168,694
<b>Total Operating Expenses</b>	<b>547,518</b>	<b>1,250,322</b>	<b>265,940</b>	<b>2,063,780</b>
Operating Income/(Loss)	9,228	(560,324)	(265,940)	(817,036)
Nonoperating Revenues:				
Implement PIH 2006-03				
Operating Transfers In		265,940		265,940
Capital Grants	-	-	292,182	292,182
Investment Income-Restricted	-	49,478	-	49,478
Investment Income-Unrestricted	-	4,517	-	4,517
Total Nonoperating Revenues	-	319,935	292,182	612,117
Change in Net Assets	9,228	(240,389)	26,242	(204,919)
Net Assets Beginning of Year	(163,754)	5,927,659	1,058,437	6,822,342
<b>Total Net Assets at End of Year</b>	<b>\$ (154,526)</b>	<b>\$ 5,687,270</b>	<b>\$ 1,084,679</b>	<b>\$ 6,617,423</b>

GALLIA METROPOLITAN HOUSING AUTHORITY  
 BIDWELL, OHIO  
 STATEMENT OF CASH FLOWS BY PROGRAM  
 FOR THE YEAR ENDED DECEMBER 31, 2009

	Section 8 Voucher	Public Housing	Capital Fund	ENTERPRISE FUND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Tenants	\$ -	\$ 131,080	\$ -	\$ 131,080
Receipts from operating grants	556,745	532,270	-	1,089,015
Other operating receipts	1	30,684	-	30,685
Housing assistance payments	(492,609)	-	-	(492,609)
Payments for general and administrative expense	(47,770)	(840,322)	-	(888,092)
Net Cash Provided By/(Used For) Operating Activities	<u>16,367</u>	<u>(146,288)</u>	<u>-</u>	<u>(129,921)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest	-	53,995	-	53,995
Change in investments	-	166,213	-	166,213
Net Cash Provided By Investing Activities	<u>-</u>	<u>220,208</u>	<u>-</u>	<u>220,208</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Capital Grants	-	-	292,182	292,182
Interprogram transfers	(11,843)	277,783	(265,940)	-
Change in capital assets	-	-	(26,242)	(26,242)
Net Cash Provided By Capital Financing Activities	<u>(11,843)</u>	<u>277,783</u>	<u>-</u>	<u>265,940</u>
Net Increase/(Decrease) In Cash and Cash Equivalents	4,524	351,703	-	356,227
Cash At The Beginning Of Year	15,308	373,866	-	389,174
Cash At End Of Year	<u>\$ 19,832</u>	<u>\$ 725,569</u>	<u>\$ -</u>	<u>\$ 745,401</u>
<b>RECONCILIATION OF OPERATING INCOME/(LOSS) TO CASH PROVIDED BY/(USED FOR) OPERATING ACTIVITIES</b>				
Net Operating Income/(Loss)	9,228	(560,324)	-	(551,096)
Adjustments to Reconcile Net Income/(Loss) to Net Cash Provided by Operating Activities:				
Depreciation	-	410,145	-	410,145
Operating Capital Grants	-	-	-	-
Changes in Operating Assets and Liabilities that Increase/(Decrease) Cash Flows:				
(Increase) Decrease In:				
Accounts Receivable - dwelling rent	-	4,036	-	4,036
Prepaid Expenses	3,264	(3,107)	-	157
Inventory	-	(1,297)	-	(1,297)
Increase (Decrease) In:				
Accounts Payable	167	1,336	-	1,503
Security Deposits	-	(1,136)	-	(1,136)
Accrued Wages and Taxes	(235)	(1,484)	-	(1,719)
Accrued Compensated Absences	3,943	5,543	-	9,486
Total Adjustments	<u>7,139</u>	<u>3,891</u>	<u>-</u>	<u>11,030</u>
Net Cash Provided By Operating Activities	<u>\$ 16,367</u>	<u>\$ (146,288)</u>	<u>\$ -</u>	<u>\$ (129,921)</u>

GALLIA METROPOLITAN HOUSING AUTHORITY  
BIDWELL, OHIO  
SUMMARY OF ACTIVITY  
FOR THE YEAR ENDED DECEMBER 31, 2009

At the close of the fiscal year ended December 31, 2009, Gallia Metropolitan Housing Authority had the following operations management:

	<u>Units</u>
Low Rent Public Housing Program	134
Section 8 Housing Choice Vouchers	<u>146</u>
Total Units	<u><u>280</u></u>



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

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

We have audited the accompanying financial statements of the business-type activities of the Gallia Metropolitan Housing Authority, Gallia County, (the Authority) as of and for the year ended December 31, 2009, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 30, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and timely corrected.

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

Members of the Board

Gallia Metropolitan Housing Authority

Gallia County

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

Page 2

### **Compliance and Other Matters**

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

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



Balestra, Harr & Scherer, CPAs, Inc.

June 30, 2010



Balestra, Harr & Scherer, CPAs, Inc.

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Members American Institute of Certified Public Accountants

Members Ohio Society of Certified Public Accountants

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

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

**Compliance**

We have audited the compliance of the Gallia Metropolitan Housing Authority, Gallia County, (the Authority), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2009. The summary of auditor's results section of the accompanying schedule of findings identifies the Authority's major federal programs. The Authority's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

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

In our opinion, the Gallia Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended December 31, 2009.

Gallia Metropolitan Housing Authority

Gallia County

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

Page 2

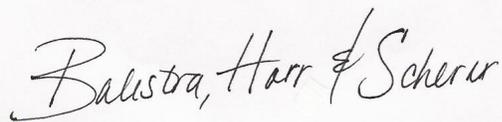
### **Internal Control over Compliance**

The Authority's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of opining on compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Authority's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

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



Balestra, Harr & Scherer, CPAs, Inc.

June 30, 2010

Gallia Metropolitan Housing Authority  
*Schedule of Findings and Questioned Costs*  
*OMB Circular A-133 Section .505*  
*December 31, 2009*

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

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

Gallia Metropolitan Housing Authority  
*Schedule of Findings and Questioned Costs*  
*OMB Circular A-133 Section .505*  
*December 31, 2009*

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

None

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

None

**Gallia Metropolitan Housing Authority**  
 Schedule of Prior Audit Findings  
 OMB Circular A-133 Section .505  
 December 31, 2009

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2008-001	HUD 71 FR 52710 – Allowable Cost and Use of Restricted funds for administrative costs	Yes	
2008-002	24 CFR 990-280 – Allowable costs for Public Housing	Yes	



**Mary Taylor, CPA**  
Auditor of State

**GALLIA METROPOLITAN HOUSING AUTHORITY**

**GALLIA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 26, 2010**