

Hocking Metropolitan Housing Authority

Financial Statements

For the Year Ended December 31, 2009



Mary Taylor, CPA
Auditor of State

Board of Directors
Hocking Metropolitan Housing Authority
50 S. High Street
Logan, Ohio 43138

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

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 5, 2010

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

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Independent Auditors' Report

Board of Directors
Hocking Metropolitan Housing Authority

I have audited the accompanying financial statements of the business-type activities of Hocking Metropolitan Housing Authority, Ohio, as of and for the year ended December 31, 2009, which collectively comprise the Authority basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Hocking Metropolitan Housing Authority, Ohio, management. My responsibility is to express an opinion on these financial statements based on my audit.

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

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

In accordance with *Government Auditing Standards*, I have also issued a report dated May 21, 2010, on my consideration of Hocking Metropolitan Housing Authority, Ohio's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of my audit.

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

My Audit was performed for the purpose of forming and opinion on the Basic Financial Statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government and Non-Profit Organizations* and is not a required part of the Basic Financial Statements. The FDS Schedule Submitted to REAC and the PHA's Statement and Certification of Actual Modernization Costs are presented for purposes additional analysis as required by the Department of Housing and Urban Development and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respect in relation to the basic financial statements taken as a whole.

Salvatore Consiglio, CPA, Inc.
May 21, 2010

**HOCKING METROPOLITAN HOUSING AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
Year Ended December 31, 2009**

Unaudited

It is a privilege to present for you the financial picture of Hocking Metropolitan Housing Authority. The Hocking 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 individual fund issues or concerns.

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

FINANCIAL HIGHLIGHTS

- Net assets were \$4,683,623 and \$4,900,596 for 2009 and 2008, respectively. The Authority-wide statements reflect a decrease in total net assets of \$216,973 (or 4.43%), during 2009. This decrease is reflective of the year’s activities.
- The business-type activity revenue decreased by \$9,304 (or .3%) during 2009, and was \$2,749,384 and \$2,758,688 for 2009 and 2008, respectively.
- The total expenses of all Authority programs decreased by \$46,301 (or 1.5%). Total expenses were \$2,966,357 and \$3,012,658 for 2009 and 2008, respectively.

USING THIS ANNUAL REPORT

The following graphic outlines the format of this report:

MD&A ~ Management Discussion and Analysis ~
Basic Financial Statements ~ Authority-wide Financial Statements ~ ~ Fund Financial Statement ~ ~ Notes to Financial Statements ~
Other Required Supplementary Information ~ Required Supplementary Information (other than MD&A) ~

**HOCKING METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2009**

Unaudited

The focus is on both the Authority as a whole (authority-wide) and the major individual funds. Both perspectives (authority-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or Authority to Authority) and enhance the Authority's accountability.

Authority-Wide Financial Statements

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

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

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

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

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

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

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

**HOCKING METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2009**

Unaudited

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

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

Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is now on Major Funds, rather than fund types. The Authority consists of exclusively Enterprise Funds. Enterprise funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting.

The Department of Housing and Urban Development requires the programs be maintained by the Authority.

The Authority's Programs

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

HMHA is a partner in a mixed income public housing project. 15 units of the 72 unit apartment project are subject to the public housing program rules. Project receives no operating subsidy, but does receive maintenance and operating funding through the Capital Grant Program.

Capital Fund Program (CFP) – This is the current primary funding source for the Authority's physical and management improvements. While the formula funding methodology used for the CGP was revised for the CFP, funds are still provided by formula allocation and based on size and age of your units.

HMHA has an approved CFFP program which provided Capital Grant funding to the mixed finance Public Housing Project. CFFP will provide payment of debt service for a maximum period of 20 years.

**HOCKING METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2009**

Unaudited

Housing Choice Voucher Program (HCVP) – Under the Housing Choice Voucher Program, the Authority subsidizes rents to independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides funding to enable the Authority to structure a lease that requires the participant to pay a rent based on a percentage of their adjusted gross household income, typically 30%, and the Housing Authority subsidizes the balance.

Shelter Plus Care Program – Hocking Metropolitan Housing Authority was awarded a Shelter Plus Care Grant in June of 2006. The Shelter Plus Care Program provides rental assistance to disabled individuals that have been identified as homeless. HMHA provides housing services in cooperation with other community service agencies that provide case management services.

FSS Homeownership Coordinator – Hocking Metropolitan Housing Authority is a participant in a three housing authority consortium. Vinton County MHA is a reporting agency for all funding and activity reports. HMHA receives funding to provide a FSS Homeownership Coordinator. Staff personal is also responsible for managing the Shelter Plus Care Program noted above.

Other Business (O'Neill) – Hocking Metropolitan Housing Authority operates several other business activities not related to the major federal housing programs. At present HMHA owns 15 open market apartments. Some of the units are rented to voucher holders. HMHA also provides lead inspection and clearance services to other PHA's and non-profit organizations. HMHA also performs property management services to other community agencies servicing special needs populations. Properties developed under this program are developed to be available to low and moderate-income families. The rent does not exceed 30% of income for families at 50% of median income for Hocking County.

HMHA has added a new initiative under this heading. HMHA is purchasing and rehabilitating homes for resale. HMHA purchased one home and completed the renovation process in 2009. The home is available for sale to the general public. HMHA used operating funds and debt to support this activity.

HMHA retains a receivable from Hocking Housing Management, Inc. This was for funding advanced for the American Dream program operating by HHM. Hocking Metropolitan Housing is accruing interest on this account.

HMHA received a \$100,000 matching grant agreement from Ohio Department of Mental Health. Grant will be used to purchase and rehabilitate a five-unit apartment building.

**HOCKING METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2009**

Unaudited

Building will be reserved for special needs clients referred by mental health agencies. HMHA will obtain matching funds with a tax exempt mortgage from Chase Bank.

State/Local (Ohio Housing Finance Agency) – HMHA has been awarded a grant from the Ohio Housing Finance Agency to provide homeownership counseling and down payment assistance using Individual Development Accounts. Initial grant is for 2 year period in the amount of \$85,000.

State/Local (Help Me Grow) – HMHA has sought other resources in order to provide social services to their residents. HMHA has assumed administrative responsibility for the Help Me Grow program. Help Me Grow is a State of Ohio program targeted to coordinate services for families with at risk children under the age of 3. Program is funded from TANF, Medicaid Part C and State of Ohio General Revenue Funds. This program is to be the springboard for the development of a complete social service program for all HMHA clients. This program was transferred to the Hocking County DD Agency in July 2009. HMHA maintains the Help Me Grow reserve account to offset any unemployment expenses that maybe forthcoming due to Statewide reduction of funding. Once employment obligations have been met any reserve funds will be transferred to the Hocking County DD Agency.

OHIO Housing Trust Fund – HMHA was awarded a grant from the Ohio Housing Trust Fund in December of 2007. The grant is to provide housing assistance for transitional youth and to provide Direct Housing Assistance to those adults at risk of being homeless. This grant concluded December 31, 2009. A replacement contract has been awarded beginning February 1, 2010. Residual funds will be returned to the State of Ohio upon receipt of final program certification.

State/Local (City of Logan CHIP Program) – HMHA contracted with the City of Logan to operate an Emergency Assistance Program and a Tenant Based Assistance Program. The Emergency program had a maximum budget amount of \$50,000. All funds are to be dispersed by December 31, 2009.

AUTHORITY-WIDE STATEMENT

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.

**HOCKING METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2009**

Unaudited

TABLE 1
STATEMENT OF NET ASSETS

	<u>2009</u>	<u>2008</u>
Current and Other Assets	\$ 1,009,413	\$ 829,801
Capital Assets	4,385,159	4,644,959
Other Noncurrent Assets	<u>1,288,000</u>	<u>1,288,000</u>
 Total Assets	 <u>\$ 6,682,572</u>	 <u>\$ 6,762,760</u>
 Current Liabilities	 \$ 509,364	 \$ 537,544
Long-Term Liabilities	<u>1,489,585</u>	<u>1,324,620</u>
 Total Liabilities	 <u>1,998,949</u>	 <u>1,862,164</u>
 Net Assets:		
Investment in Capital Assets, net of Related Debt	3,924,016	4,224,884
Restricted net assets	115,579	81,411
Unrestricted Net Assets	<u>644,028</u>	<u>594,301</u>
 Total Net Assets	 <u>4,683,623</u>	 <u>4,900,596</u>
 Total Liabilities and Net Assets	 <u>\$ 6,682,572</u>	 <u>\$ 6,762,760</u>

For more detailed information see the Statement of Net Assets.

Major Factors Affecting the Statement of Net Assets

The current assets increased mostly due to HAP and Administrative subsidies received in December for January 2010 in the amount of \$101,780. See the Capital assets analysis in Table 5.

Current liabilities are down due to a reclassification of a short term loan in prior year to a long term liability in the current year. This reclassification also accounts for part of the change for the long term liabilities. See Debt administrative later in the discussion.

**HOCKING METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2009**

Unaudited

TABLE 2

CHANGE OF NET ASSETS

Table 2 presents details on the change in Net Assets:

	<u>Unrestricted</u>		<u>Restricted</u>		<u>Investment in Capital Assets</u>
Beginning Balance - December 31, 2008	\$ 594,301	\$	81,411	\$	4,224,884
Results of Operation	(251,141)		34,168		-
Adjustments:					
Current year Depreciation Expense	325,716		-		(325,716)
Current year Capital Purchases	(65,916)		-		65,916
Capital Related Debt Proceeds Net of Retirement	41,068		-		(41,068)
	<u>41,068</u>		<u>-</u>		<u>(41,068)</u>
Ending Balance - December 31, 2009	\$ <u>644,028</u>	\$	<u>115,579</u>	\$	<u>3,924,016</u>

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.

TABLE 3

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

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

	<u>2009</u>		<u>2008</u>
<u>Revenues</u>			
Total Tenant Revenues	\$ 495,207	\$	464,728
Operating Subsidies	2,130,913		2,107,135
Capital Grants	-		87,394
Investment Income	77,745		53,631
Other Revenues	45,519		45,800
Total Revenues	<u>2,749,384</u>		<u>2,758,688</u>

**HOCKING METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2009**

Unaudited

TABLE 3

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
(CONTINUED)**

	<u>2009</u>	<u>2008</u>
<u>Expenses</u>		
Administrative	650,817	768,323
Tenant Services	4,241	4,234
Utilities	141,088	132,859
Maintenance	433,403	404,616
General and Interest Expenses	194,682	162,101
Housing Assistance Payments	1,216,410	1,159,889
Depreciation	325,716	380,636
Total Expenses	<u>2,966,357</u>	<u>3,012,658</u>
 Net Increases (Decreases)	 \$ <u><u>(216,973)</u></u>	 \$ <u><u>(253,970)</u></u>

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

The other revenue consists of state grants that the authority receives and other services provided to organizations outside of the Authority. The total for the state grants was \$225,364. All of the capital grant funds for 2009 were used for administrative operations and there were not any funds that were required to be set up and capitalized as in prior year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of year-end, the Authority had \$4,385,159 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (addition, deductions and depreciation) of \$259,800 from the end of last year.

**HOCKING METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2009**

Unaudited

**TABLE 4
Capital Assets at Year-End (Net of Depreciation)**

The following reconciliation summarizes the change in Capital Assets.

	<u>2009</u>	<u>2008</u>
Land and Land Rights	\$ 998,619	\$ 987,619
Buildings	8,628,693	8,482,327
Equipment	118,420	209,871
Leasehold Improvements	1,450,051	1,450,051
Accumulated Depreciation	<u>(6,810,624)</u>	<u>(6,484,909)</u>
Total	<u><u>\$ 4,385,159</u></u>	<u><u>\$ 4,644,959</u></u>

**TABLE 5
CHANGE IN CAPITAL ASSETS**

Beginning Balance - December 31, 2008	\$	4,644,959
Current year Additions		65,916
Current year Depreciation Expense		<u>(325,716)</u>
Ending Balance - December 31, 2009	\$	<u><u>4,385,159</u></u>

Current year Additions are summarized as follows:

- Land - Third St. Property	\$	11,000
- Building & Rehabilitation		<u>54,916</u>
Total 2009 Additions	\$	<u><u>65,916</u></u>

This year's major additions are:

The Authority bought a new house that was renovated during the year and is on the market for sale currently.

A 6-acre tract will remain for future development.

**HOCKING METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2009**

Unaudited

The general partnership, Pine Ridge Housing Partners, Inc. was organized in 2005. This will be the fiscal agent for Pine Ridge Housing Partners, LLC.

Project 2 is the development of a new administrative building. HMHA awarded the architectural contract to design the new facility in September of 2007. HMHA expects to award the first phase of construction in 2009.

Project 3 will be development of a new day care center. Initial design work has located the proposed site on the same two acre tract as the office structure. Development timeline has not been established yet.

A six-acre tract will remain for future development.

Debt Administration

HMHA has secured tax-exempt debt to finance its non-federal business activities. HMHA has two types of debt on place. Long-term debt, which is self-amortized over a fixed term, is used for financing income-generating apartments. Short-term debt, which is interest only with a balance due at the end of its term, is used for construction financing of the single-family homes to be sold. The 15 open market apartments are used to secure the debt. The other debt is a Capital Lease, which is used to finance the acquisition of a Satellite TV System. Income for business operation is sufficient to meet debt expenses.

During FY 2007, HMHA refinanced two of its duplex properties. HMHA used earned development fees to reduce debt to \$40,000 on each property and re-amortized to a thirty year note. The new debt is with National City Bank through the Federal Home Loan Community Assistance Program.

During FY 2008, HMHA secured \$225,000 of short term financing to purchase and rehabilitate five units to be used to house mental health clients. HMHA was awarded a \$100,000 grant from the Ohio Department of Mental Health. These funds will be used to reduce the mortgage principal once the rehabilitation is complete.

Beginning Balance - December 31, 2008	\$ 1,564,118
Current Year Loans	281,890
Current Year Loan Retirements	<u>(266,776)</u>
Beginning Balance - December 31, 2009	\$ <u><u>1,579,232</u></u>

**HOCKING METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2009**

Unaudited

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding of 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

IN CONCLUSION

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

FINANCIAL CONTACT

If you have any questions regarding this report, you may contact Craig Garrelts, Executive Director of the Hocking Metropolitan Housing Authority at (740) 385-3883.

HOCKING METROPOLITAN HOUSING AUTHORITY
Statement of Net Assets
Proprietary Funds
December 31, 2009

ASSETS

Current assets

Cash and cash equivalents	\$ 414,789
Restricted cash and cash equivalents	147,475
Investments	147,075
Receivables, net	243,254
Inventories, net	22,192
Prepaid expenses and other assets	34,628
Total current assets	<u>1,009,413</u>

Noncurrent assets

Capital assets:	
Land	998,619
Building and equipment	10,197,164
Less accumulated depreciation	<u>(6,810,624)</u>
Capital assets, net	4,385,159
Other noncurrent assets	1,288,000
Total noncurrent assets	<u>5,673,159</u>
Total assets	<u><u>\$6,682,572</u></u>

LIABILITIES

Current liabilities

Accounts payable	\$36,811
Accrued liabilities	69,774
Intergovernmental payables	23,791
Tenant security deposits	29,936
Deferred revenue	239,383
Bonds, notes, and loans payable	109,669
Total current liabilities	<u>\$509,364</u>

The accompanying notes to the Basic Financial Statements are an integral part of these statements.

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

Noncurrent liabilities	
Bonds, notes, and loans payable	\$1,469,563
Accrued compensated absences non-current	18,062
Non-current liabilities - other	1,960
<i>Total noncurrent liabilities</i>	<u>1,489,585</u>
Total liabilities	<u>\$1,998,949</u>
NET ASSETS	
Invested in capital assets, net of related debt	\$ 3,924,016
Restricted net assets	115,579
Unrestricted net assets	644,028
Total net assets	<u>\$4,683,623</u>

The accompanying notes to the Basic Financial Statements are an integral part of these statements.

HOCKING METROPOLITAN HOUSING AUTHORITY
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2009

OPERATING REVENUES

Tenant Revenue	\$ 495,207
Government operating grants	2,130,913
Other revenue	45,519
Total operating revenues	<u>2,671,639</u>

OPERATING EXPENSES

Administrative	650,817
Tenant services	4,241
Utilities	141,088
Maintenance	433,403
General	121,135
Housing assistance payment	1,216,410
Depreciation	325,716
Total operating expenses	<u>2,892,810</u>
Operating income (loss)	<u>(221,171)</u>

NONOPERATING REVENUES(EXPENSES)

Interest and investment revenue	77,745
Interest expense	(73,547)
Total nonoperating revenues (expenses)	<u>4,198</u>
Change in net assets	(216,973)
Total net assets - beginning	4,900,596
Total net assets - ending	<u><u>\$4,683,623</u></u>

The accompanying notes to the Basic Financial Statements are an integral part of these statements.

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

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating grants received	\$2,323,879
Tenant revenue received	496,522
Other revenue received	37,554
General and administrative expenses paid	(1,424,545)
Housing assistance payments	(1,216,410)
Net cash provided (used) by operating activities	<u>217,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earned	77,745
Transfer of cash to Investments	11,669
Net cash provided (used) by investing activities	<u>89,414</u>
CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES	
Debt principal payment	(266,776)
Loan Proceeds	281,890
Capital assets purchased	(65,916)
Interest paid on Debt	(73,547)
Net cash provided (used) by capital and related activities	<u>(124,349)</u>
Net increase (decrease) in cash	182,065
Cash and cash equivalents - Beginning of year	<u>380,199</u>
Cash and cash equivalents - End of year	<u><u>\$562,264</u></u>

The accompanying notes to the Basic Financial Statements are an integral part of these statements.

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

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Net Operating Income (Loss)	(\$221,171)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities	
- Depreciation	325,716
- (Increases) Decreases in Accounts Receivable	(3,662)
- (Increases) Decreases in Prepaid Assets	2,460
- (Increases) Decreases in Inventory	(8,014)
- Increases (Decreases) in Accounts Payable	11,630
- Increases (Decreases) in Accounts Payable - Intergovernmental	(804)
- Increases (Decreases) in Other NonCurrent Liabilities	14,018
- Increases (Decreases) in Accrued Expenses Payable	(4,658)
- Increases (Decreases) in Deferred Revenue	125,578
- Increases (Decreases) in Other Current Liabilities	(432)
- Increases (Decreases) in Accrued Compensated Absences	(28,333)
- Increases (Decreases) in Tenant Security Deposits	4,672
Net cash provided by operating activities	<u><u>\$217,000</u></u>

The accompanying notes to the Basic Financial Statements are an integral part of these statements.

HOCKING METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

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

Reporting Entity

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

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

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

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

HOCKING METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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.

Basis of Presentation

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

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.

HOCKING METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus/Basis of Accounting

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

Description of Programs

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

A. Conventional Public Housing (PH)

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

B. Capital Fund Program (CFP)

This is the current primary funding source for the Authority's physical and management improvements. While the formula funding methodology used for the CGP was revised for the CFP, funds are still provided by formula allocation and based on size and age of your units.

C. Housing Choice Voucher Program (HCVP)

Under the Housing Choice Voucher Program, the Authority subsidizes rents to independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides funding to enable the Authority to structure a lease that requires the participant to pay a rent based on a percentage of their adjusted gross household income, typically 30%, and the Housing Authority subsidizes the balance.

HOCKING METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Other Business (O'Neill)

Hocking Metropolitan Housing Authority operates several other business activities not related to the major federal housing programs. At present HMHA owns 15 open market apartments. Some of the units are rented to voucher holders. HMHA also provides lead inspection and clearance services to other PHA's and non-profit organizations. HMHA also performs property management services to other community agencies servicing special needs populations. Properties developed under this program are developed to be available to low and moderate-income families. The rent does not exceed 30% of income for families at 50% of median income for Hocking County. HMHA homeownership and home development for sale is also included in this activity. One home was under construction during FY 2003. Development was in partnership with the Youth Build program operated by another agency. The completed home will be sold to an eligible family upon its completion.

E. Other (Help Me Grow)

HMHA has sought other resources in order to provide social services to their residents. HMHA has assumed administrative responsibility for the Help Me Grow program. Help Me Grow is a State of Ohio program targeted to coordinate services for families with at risk children under the age of 3. Program is funded from TANF, Medicaid Part C and State of Ohio General Revenue Funds. This program is to be the springboard for the development of a complete social service program for all HMHA clients.

Investments

The provisions of the HUD Regulations restrict investments. Investments are valued at market value. Interest income earned in fiscal year ending December 31, 2009 totaled \$77,745.

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:

Buildings	40 year
Buildings Improvements	15 years
Furniture, equipment and machinery	3-7 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

HOCKING METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are recorded as restricted when there are limitations imposed on their use by internal or external restrictions.

Operating Revenues and Expenses

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

Capital Contributions

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

Cash and Cash Equivalents

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

Compensated Absences

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

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

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

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

HOCKING METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

	Balance 12/31/08	Increase	Decrease	Balance 12/31/09	Due With a Year
Total Compensated Absence Liability	\$54,965	\$31,679	(\$43,910)	\$42,734	\$24,672

Budgetary Accounting

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

Estimates

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

NOTE 2: DEPOSITS AND INVESTMENTS

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

- A. Active deposits are public deposits necessary to meet demands on the treasury. Such monies must be maintained either as cash in the Authority’s treasury, in commercial accounts payable or withdrawal on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.
- B. Inactive deposits are public deposits that the Authority has identified as not required for use within the current two period of designation of depositories. Inactive deposits must either be evidenced by certificate of deposits maturing not later than the end of the current period of designation of the depositories, or by savings or deposit accounts including, but not limited to passbook accounts.
- C. Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificate of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

HOCKING METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2009
 (CONTINUED)

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

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

At fiscal year-end December 31, 2009, the carrying amount of the Authority's deposits totaled \$709,339 and its bank balance was \$711,632. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of December 31, 2009, \$235,846 was exposed to custodial risk as discussed below, while \$475,786 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 bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

NOTE 3: RESTRICTED CASH AND INVESTMENT

Restricted cash balance as of December 31, 2009 of \$147,475 represents the following:

	Cash
- FSS escrow funds held for tenants	\$1,960
- Tenant security deposit	29,936
- Cash on hand advance from HUD to be used for tenants housing assistance payments	115,579
Total	\$147,475

NOTE 4: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending December 31, 2009 the Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

HOCKING METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)

NOTE 4: RISK MANAGEMENT (Continued)

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

NOTE 5: CAPITAL ASSETS

	Balance 12/31/08	Adjust.	Additions	Deletion	Balance 12/31/09
Capital Assets Not Depreciated:					
Land	\$987,619	\$0	\$11,000	\$0	\$998,619
Total Capital Assets Not Depreciated	987,619	0	11,000	0	998,619
Capital Assets Being Depreciated:					
Buildings	8,482,327	91,451	54,915	0	8,628,693
Furnt, Mach. & Equip. - Admin	209,871	(91,451)	0	0	118,420
Leasehold Improvement	1,450,051	0	0	0	1,450,051
Total Capital Assets Depreciated	10,142,249	0	54,915	0	10,197,164
Accumulated Depreciation:					
Buildings	(5,222,663)	1	(253,649)	0	(5,476,311)
Furnt, Mach. & Equip. - Admin	(171,164)	0	(65,631)	0	(177,600)
Leasehold Improvement	(1,091,082)	0	(6,436)	0	(1,156,713)
Total Accumulated Depreciation	(6,484,909)	1	(325,716)	0	(6,810,624)
Total Capital Assets Being Depreciated, Net	3,657,340	1	(270,801)	0	3,386,540
Total Capital Assets, Net	\$4,644,959	\$1	(\$259,801)	\$0	\$4,385,159

NOTE 6: DEFINED BENEFIT PENSION PLANS -PUBLIC EMPLOYEES RETIREMENT SYSTEM

All full-time employees of Authority participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. OPERS provide basic retirement, disability and survivor benefits, based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 145 of the Ohio

HOCKING METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)

NOTE 6: DEFINED BENEFIT PENSION PLANS -PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)

Revised Code. OPERS issue a publicly available financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or (800) 222-PERS.

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

1. The Traditional Pension Plan – A cost sharing, multiple-employer defined benefit pension plan.
2. The Member-Direct Plan – A defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Direct Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions, plus any investment earnings.
3. The Combined Plan – A cost sharing, multiple-employer defined pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefits similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

Plan members are required to contribute 10.0 percent of their annual covered salary to fund pension obligations. The 2009 employer pension contribution rate for Authority was 14.00 percent. Contributions are authorized by state statute. The contribution rates are determined actuarially. The Authority's contribution for the years ended December 31, 2009, 2008, and 2007 amounted to \$67,914, \$73,600, and \$71,926, respectively. Ninety-six percent has been contributed for 2009. All required contributions for the two previous years have been paid.

The Public Employees Retirement System of Ohio (OPERS) provides post-employment health care benefits to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is also available. The health care coverage provided by the OPERS is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the OPERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory Authority requiring public employers to fund post-employment health care through their contributions to the OPERS. The portion of the 2009 employer

HOCKING METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)

**NOTE 6: POSTEMPLOYMENT BENEFITS PUBLIC EMPLOYEES
RETIREMENT SYSTEM (Continued)**

contribution rate (identified above) that was used to fund health care was 7.0 percent of covered payroll from January 1 through March 31, 2009 and 5.5 percent of covered payroll from April 1 through December 31, 2009, which amounted to \$28,248. The significant actuarial assumptions and calculations relating to post-employment health care benefits were based on the OPERS' latest actuarial review performed as of December 31, 2008. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25 percent of unrealized market appreciation or depreciation on investment assets, not to exceed a 12 percent corridor. The investment assumption rate for 2008 was 6.5 percent. An annual increase of 4.0 percent compounded annually is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0 percent base increase, were assumed to range from 0.50 percent to 6.3 percent. Health care costs were assumed to increase at a project wage inflation rate plus an additional factor ranging from .5% to 3% for the next 6 years. In subsequent years (7 and beyond), health care costs were assumed to increase at 4% (the projected wage inflation rate).

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 357,584. The actuarial value of the OPERS' net assets available for OPEB at December 31, 2008 was \$10.7 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$29.6 billion and \$18.9 billion, respectively.

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

NOTE 6: LONG-TERM DEBT

Mortgage Payable

Hocking Metropolitan Housing Authority has several outstanding mortgages as of December 31, 2009. These loans were obtained to purchase of property by the Board Funds.

HOCKING METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)

NOTE 6: LONG-TERM DEBT (Continued)

	ORIGINAL LOAN BALANCE	INTEREST RATE	LIFE OF LOAN	12/31/09 BALANCE
BANK ONE:				
O'Neal Loan	\$140,000	2.7625%	15 years	\$84,196
Pine Ridge Loan	900,000	6.8600%	20 years	830,096
Construction Loan	225,000	4.6000%	10 years	0
Walnut Street Property	0	4.6000%	20 years	121,628
Mental Health Property	0	0.0000%	40 years	99,167
NATIONAL CITY BANK:				
Orchard Street Property	40,000	7.74%	20 years	36,813
4 th Street Property	40,000	7.74%	20 years	36,813
HOCKING VALLEY BANK:				
3rd Street Property	60,000	5.00%	1 year	60,000
FEDERAL HOME LOAN BANK:				
Pine Ridge	288,000	0.00%	15 years	288,000
CITY OF LOGAN:	55,000	0.0000%	15 years	<u>21,694</u>
Total Outstanding Mortgages				1,578,407
Less: Current Portion				<u>108,844</u>
Total Non-Current Mortgage Payable				<u>\$1,469,563</u>

Capital Lease

In May 2005 the Authority entered into a capital lease agreement for the acquisition of Satellite TV System. The purchase price was \$12,800 with monthly payment of \$305.15. The lease expires on May 2010.

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

HOCKING METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)

NOTE 6: LONG-TERM DEBT (Continued)

DESCRIPTION	BALANCE 12/31/08	ISSUED	RETIRED	BALANCE 12/31/09	DUE WITHIN A YEAR
Mortgage Loan Payable	\$1,562,525	\$281,890	(\$266,008)	\$1,578,407	\$108,844
Capital Lease	1,593	0	(768)	825	825
TOTAL	\$1,564,118	\$281,890	(\$267,776)	\$1,579,232	\$109,669

Maturities of the debt over the next five years are as follows:

Years	<u>Mortgage Payable</u>		<u>Capital Lease</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$108,844	\$72,746	\$825	\$751
2011	51,365	67,246	0	0
2012	54,045	64,565	0	0
2013	56,902	61,710	0	0
2014	59,943	58,668	0	0
2015-2019	673,976	257,297	0	0
2020-2024	345,144	123,609	0	0
2025-2029	179,021	14,226	0	0
2030-2034	12,500	0	0	0
2035-2039	12,500	0	0	0
2040-2044	12,500	0	0	0
2045-2049	12,500	0	0	0
Total	\$1,578,407	\$720,067	\$825	\$751

NOTE 7: RELATED PARTY TRANSACTION

The Authority as entered into a contract with the Hocking County Department of Job and Family Services (JFS) for the operation of the Help Me Grow Program. The program is funded by the County JFS from its TANF, Medicaid Part C and State of Ohio General Revenue Funds. The program is a social service program targeted to coordinate services for families with at risk children under the age of 3. Hocking Metropolitan Housing Authority Executive Director is married to the Assistant Director of the Hocking County Department of Job and Family Service. The total revenue earned for the fiscal year was \$141,631.

HOCKING METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)

NOTE 8: SCHEDULE OF EXPENDITURE OF FEDERAL AWARD

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

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

	Project Total	Business Activity	Shelter Plus Care	Help Me Grow	Transitional Housing	Housing Choice Vouchers	COCC	ELIM	Total
111 Cash - Unrestricted	\$ 52,504	\$ 38,413	\$ 1,963	\$ 73,624	\$ 20,841	\$ 117,648	\$ 109,796	\$ -	\$ 414,789
113 Cash - Other Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 117,539	\$ -	\$ -	\$ 117,539
114 Cash - Tenant Security Deposits	\$ 24,331	\$ 5,605	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,936
100 Total Cash	\$ 76,835	\$ 44,018	\$ 1,963	\$ 73,624	\$ 20,841	\$ 235,187	\$ 109,796	\$ -	\$ 562,264
124 Accounts Receivable - Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,491	\$ -	\$ -	\$ 9,491
125 Accounts Receivable - Miscellaneous	\$ -	\$ 55,175	\$ -	\$ -	\$ -	\$ -	\$ 6,252	\$ -	\$ 61,427
126 Accounts Receivable - Tenants	\$ 4,283	\$ 744	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,027
126.1 Allowance for Doubtful Accounts -Tenants	\$ (1,604)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,604)
129 Accrued Interest Receivable	\$ 168,913	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 168,913
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$ 171,592	\$ 55,919	\$ -	\$ -	\$ -	\$ 9,491	\$ 6,252	\$ -	\$ 243,254
131 Investments - Unrestricted	\$ 30,000	\$ 15,000	\$ -	\$ 25,000	\$ -	\$ 12,000	\$ 65,075	\$ -	\$ 147,075
142 Prepaid Expenses and Other Assets	\$ 21,996	\$ 6,176	\$ -	\$ -	\$ -	\$ 1,005	\$ 5,451	\$ -	\$ 34,628
143 Inventories	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,658	\$ -	\$ 24,658
143.1 Allowance for Obsolete Inventories	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,466)	\$ -	\$ (2,466)
144 Inter Program Due From	\$ 201,759	\$ 7,823	\$ -	\$ -	\$ -	\$ 22,405	\$ 377,588	\$ (609,575)	\$ -
150 Total Current Assets	\$ 502,182	\$ 128,936	\$ 1,963	\$ 98,624	\$ 20,841	\$ 280,088	\$ 586,354	\$ (609,575)	\$ 1,009,413
161 Land	\$ 973,519	\$ 25,100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 998,619
162 Buildings	\$ 8,032,890	\$ 582,628	\$ -	\$ -	\$ -	\$ -	\$ 13,175	\$ -	\$ 8,628,693
163 Furniture, Equipment & Machinery - Dwellings	\$ 41,875	\$ 2,561	\$ -	\$ -	\$ -	\$ -	\$ 2,115	\$ -	\$ 46,551
164 Furniture, Equipment & Machinery - Administration	\$ 12,800	\$ -	\$ -	\$ -	\$ -	\$ 10,695	\$ 48,374	\$ -	\$ 71,869
165 Leasehold Improvements	\$ 1,444,529	\$ 5,522	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,450,051

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

	Project Total	Business Activity	Shelter Plus Care	Help Me Grow	Transitional Housing	Housing Choice Vouchers	COCC	ELIM	Total
166 Accumulated Depreciation	\$ (6,589,340)	\$ (153,924)	\$ -	\$ -	\$ -	\$ (10,695)	\$ (56,665)	\$ -	\$ (6,810,624)
160 Total Capital Assets, Net of Accumulated Depreciation	\$ 3,916,273	\$ 461,887	\$ -	\$ -	\$ -	\$ -	\$ 6,999	\$ -	\$ 4,385,159
171 Notes, Loans, and Mortgages Receivable - Non-Current	\$ 1,288,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,288,000
180 Total Non-Current Assets	\$ 5,204,273	\$ 461,887	\$ -	\$ -	\$ -	\$ -	\$ 6,999	\$ -	\$ 5,673,159
190 Total Assets	\$ 5,706,455	\$ 590,823	\$ 1,963	\$ 98,624	\$ 20,841	\$ 280,088	\$ 593,353	\$ (609,575)	\$ 6,682,572
311 Bank Overdraft	\$ 828	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 828
312 Accounts Payable <= 90 Days	\$ 21,749	\$ 5,379	\$ -	\$ -	\$ -	\$ 1,475	\$ 7,380	\$ -	\$ 35,983
321 Accrued Wage/Payroll Taxes Payable	\$ -	\$ -	\$ -	\$ 489	\$ -	\$ 6,058	\$ 24,333	\$ -	\$ 30,880
322 Accrued Compensated Absences - Current Portion	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,375	\$ 15,297	\$ -	\$ 24,672
325 Accrued Interest Payable	\$ 14,222	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,222
333 Accounts Payable - Other Government	\$ 23,791	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,791
341 Tenant Security Deposits	\$ 24,331	\$ 5,605	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,936
342 Deferred Revenues	\$ 26,375	\$ 3,493	\$ 1,963	\$ 83,836	\$ 15,936	\$ 101,780	\$ 6,000	\$ -	\$ 239,383
347 Inter Program - Due To	\$ 92,012	\$ -	\$ -	\$ 14,299	\$ 4,905	\$ 25,147	\$ 473,212	\$ (609,575)	\$ -
348 Loan Liability - Current	\$ 109,669	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 109,669
310 Total Current Liabilities	\$ 312,977	\$ 14,477	\$ 1,963	\$ 98,624	\$ 20,841	\$ 143,835	\$ 526,222	\$ (609,575)	\$ 509,364
351 Capital Projects/Mortgage Revenue Bonds	\$ -	\$ 461,143	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 461,143
353 Non-current Liabilities - Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,960	\$ -	\$ -	\$ 1,960
355 Loan Liability - Non Current	\$ 1,008,420	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,008,420
354 Accrued Compensated Absences - Non Current	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 828	\$ 17,234	\$ -	\$ 18,062

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

	Project Total	Business Activity	Shelter Plus Care	Help Me Grow	Transitional Housing	Housing Choice Vouchers	COCC	ELIM	Total
350 Total Non-Current Liabilities	\$ 1,008,420	\$ 461,143	\$ -	\$ -	\$ -	\$ 2,788	\$ 17,234	\$ -	\$ 1,489,585
300 Total Liabilities	\$ 1,321,397	\$ 475,620	\$ 1,963	\$ 98,624	\$ 20,841	\$ 146,623	\$ 543,456	\$ (609,575)	\$ 1,998,949
508.1 Invested In Capital Assets, Net of Related Debt	\$ 3,916,273	\$ 744	\$ -	\$ -	\$ -	\$ -	\$ 6,999	\$ -	\$ 3,924,016
511.1 Restricted Net Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 115,579	\$ -	\$ -	\$ 115,579
512.1 Unrestricted Net Assets	\$ 468,785	\$ 114,459	\$ -	\$ -	\$ -	\$ 17,886	\$ 42,898	\$ -	\$ 644,028
513 Total Equity/Net Assets	\$ 4,385,058	\$ 115,203	\$ -	\$ -	\$ -	\$ 133,465	\$ 49,897	\$ -	\$ 4,683,623
600 Total Liabilities and Equity/Net Assets	\$ 5,706,455	\$ 590,823	\$ 1,963	\$ 98,624	\$ 20,841	\$ 280,088	\$ 593,353	\$ (609,575)	\$ 6,682,572
70300 Net Tenant Rental Revenue	\$ 354,038	\$ 106,744	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 460,782
70400 Tenant Revenue - Other	\$ 32,980	\$ 1,445	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,425
70500 Total Tenant Revenue	\$ 387,018	\$ 108,189	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 495,207
70600 HUD PHA Operating Grants	\$ 492,570	\$ -	\$ 116,402	\$ -	\$ -	\$ 1,232,414	\$ -	\$ -	\$ 1,841,386
70710 Management Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 132,981	\$ (132,981)	\$ -
70730 Book Keeping Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,035	\$ (32,035)	\$ -
70700 Total Fee Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 165,016	\$ (165,016)	\$ -
70800 Other Government Grants	\$ -	\$ -	\$ -	\$ 140,624	\$ 84,740	\$ -	\$ 64,163	\$ -	\$ 289,527
71100 Investment Income - Unrestricted	\$ 72,288	\$ 794	\$ -	\$ 1,007	\$ -	\$ 186	\$ 2,612	\$ -	\$ 76,887
71400 Fraud Recovery	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,323	\$ -	\$ -	\$ 3,323
71500 Other Revenue	\$ 3,428	\$ 2,358	\$ -	\$ -	\$ -	\$ 606	\$ 299,215	\$ (263,411)	\$ 42,196
72000 Investment Income - Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 858	\$ -	\$ -	\$ 858
70000 Total Revenue	\$ 955,304	\$ 111,341	\$ 116,402	\$ 141,631	\$ 84,740	\$ 1,237,387	\$ 531,006	\$ (428,427)	\$ 2,749,384
91100 Administrative Salaries	\$ 43,557	\$ 8,206	\$ -	\$ 70,926	\$ 3,750	\$ 94,879	\$ 111,340	\$ -	\$ 332,658
91200 Auditing Fees	\$ 6,100	\$ -	\$ -	\$ -	\$ -	\$ 6,500	\$ -	\$ -	\$ 12,600

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

	Project Total	Business Activity	Shelter Plus Care	Help Me Grow	Transitional Housing	Housing Choice Vouchers	COCC	ELIM	Total
91300 Management Fee	\$ 99,046	\$ 9,822	\$ -	\$ -	\$ -	\$ 24,113	\$ -	\$ (132,981)	\$ -
91310 Book-keeping Fee	\$ 14,521	\$ 1,439	\$ -	\$ -	\$ -	\$ 16,075	\$ -	\$ (32,035)	\$ -
91500 Employee Benefit contributions - Administrative	\$ 19,827	\$ 397	\$ -	\$ 39,417	\$ 1,155	\$ 36,396	\$ 43,043	\$ -	\$ 140,235
91600 Office Expenses	\$ 52,795	\$ 12,037	\$ -	\$ 32,631	\$ 1,984	\$ 20,411	\$ -	\$ -	\$ 119,858
91700 Legal Expense	\$ -	\$ 4,186	\$ -	\$ -	\$ -	\$ -	\$ 38,868	\$ -	\$ 43,054
91800 Travel	\$ -	\$ 2,412	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,412
91000 Total Operating - Administrative	\$ 235,846	\$ 38,499	\$ -	\$ 142,974	\$ 6,889	\$ 198,374	\$ 193,251	\$ (165,016)	\$ 650,817
92400 Tenant Services - Other	\$ 4,241	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,241
92500 Total Tenant Services	\$ 4,241	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,241
93100 Water	\$ 30,392	\$ 3,103	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,495
93200 Electricity	\$ 80,188	\$ 11,900	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 92,088
93300 Gas	\$ 8,541	\$ 6,367	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,908
93800 Other Utilities Expense	\$ -	\$ -	\$ -	\$ 597	\$ -	\$ -	\$ -	\$ -	\$ 597
93000 Total Utilities	\$ 119,121	\$ 21,370	\$ -	\$ 597	\$ -	\$ -	\$ -	\$ -	\$ 141,088
94100 Ordinary Maintenance and Operations - Labor	\$ 1,222	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 131,064	\$ -	\$ 132,286
94200 Ordinary Maintenance and Operations - Materials and Other	\$ 4,529	\$ 543	\$ -	\$ 661	\$ -	\$ 1,508	\$ 35,888	\$ -	\$ 43,129
94300 Ordinary Maintenance and Operations Contracts	\$ 324,178	\$ 24,594	\$ -	\$ 2,852	\$ -	\$ 4,452	\$ 98,561	\$ (263,411)	\$ 191,226
94500 Employee Benefit Contributions - Ordinary Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 66,762	\$ -	\$ 66,762
94000 Total Maintenance	\$ 329,929	\$ 25,137	\$ -	\$ 3,513	\$ -	\$ 5,960	\$ 332,275	\$ (263,411)	\$ 433,403
96110 Property Insurance	\$ 18,480	\$ -	\$ -	\$ 489	\$ -	\$ -	\$ 11,788	\$ -	\$ 30,757
96120 Workmen's Compensation	\$ 8,171	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,171
96140 All Other Insurance	\$ -	\$ 2,889	\$ -	\$ -	\$ -	\$ 3,018	\$ -	\$ -	\$ 5,907

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

	Project Total	Business Activity	Shelter Plus Care	Help Me Grow	Transitional Housing	Housing Choice Vouchers	COCC	ELIM	Total
96100 Total Insurance Premiums	\$ 26,651	\$ 2,889	\$ -	\$ 489	\$ -	\$ 3,018	\$ 11,788	\$ -	\$ 44,835
96200 Other General Expenses	\$ 34,802	\$ 2,653	\$ -	\$ -	\$ -	\$ -	\$ 453	\$ -	\$ 37,908
96300 Payments in Lieu of Taxes	\$ 23,792	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,792
96400 Bad Debt - Tenant Rents	\$ 5,176	\$ 714	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,890
96600 Bad Debt - Other	\$ 8,270	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 440	\$ -	\$ 8,710
96000 Total Other General Expenses	\$ 72,040	\$ 3,367	\$ -	\$ -	\$ -	\$ -	\$ 893	\$ -	\$ 76,300
96710 Interest of Mortgage (or Bonds) Payable	\$ 61,468	\$ 12,079	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 73,547
96700 Total Interest Expense and Amortization Cost	\$ 61,468	\$ 12,079	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 73,547
96900 Total Operating Expenses	\$ 849,296	\$ 103,341	\$ -	\$ 147,573	\$ 6,889	\$ 207,352	\$ 538,207	\$ (428,427)	\$ 1,424,231
97000 Excess of Operating Revenue over Operating Expenses	\$ 106,008	\$ 8,000	\$ 116,402	\$ (5,942)	\$ 77,851	\$ 1,030,035	\$ (7,201)	\$ -	\$ 1,325,153
97300 Housing Assistance Payments	\$ -	\$ -	\$ 116,402	\$ -	\$ 77,851	\$ 1,022,157	\$ -	\$ -	\$ 1,216,410
97400 Depreciation Expense	\$ 305,084	\$ 19,921	\$ -	\$ -	\$ -	\$ -	\$ 711	\$ -	\$ 325,716
90000 Total Expenses	\$ 1,154,380	\$ 123,262	\$ 116,402	\$ 147,573	\$ 84,740	\$ 1,229,509	\$ 538,918	\$ (428,427)	\$ 2,966,357
10010 Operating Transfer In	\$ 84,181	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,444	\$ (120,625)	\$ -
10020 Operating transfer Out	\$ (120,625)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (26,500)	\$ 147,125	\$ -
10093 Transfers between Program and Project-In	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,500	\$ -	\$ (26,500)	\$ -
10100 Total Other financing Sources (Uses)	\$ (36,444)	\$ -	\$ -	\$ -	\$ -	\$ 26,500	\$ 9,944	\$ -	\$ -
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ (235,520)	\$ (11,921)	\$ -	\$ (5,942)	\$ -	\$ 34,378	\$ 2,032	\$ -	\$ (216,973)
11030 Beginning Equity	\$ 4,620,578	\$ 127,124	\$ -	\$ 5,942	\$ -	\$ 99,087	\$ 47,865	\$ -	\$ 4,900,596
Ending Equity	\$ 4,385,058	\$ 115,203	\$ -	\$ -	\$ -	\$ 133,465	\$ 49,897	\$ -	\$ 4,683,623

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

	Project Total	Business Activity	Shelter Plus Care	Help Me Grow	Transitional Housing	Housing Choice Vouchers	COCC	ELIM	Total
11170 Administrative Fee Equity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,886	\$ -	\$ -	\$ 17,886
11180 Housing Assistance Payments Equity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 115,579	\$ -	\$ -	\$ 115,579
11190 Unit Months Available	1,968	252	-	-	-	3,672	-	-	5,892
11210 Number of Unit Months Leased	1,939	246	-	-	-	3,209	-	-	5,394
11270 Excess Cash	\$ 182,802	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 182,802
11610 Land Purchases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11620 Building Purchases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11630 Furniture & Equipment - Dwelling Purchases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11640 Furniture & Equipment - Administrative Purchases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11650 Leasehold Improvements Purchases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11660 Infrastructure Purchases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13510 CFFP Debt Service Payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13901 Replacement Housing Factor Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Hocking Metropolitan Housing Authority
PHA's Statement and Certification of Actual Modernization Cost
December 31, 2009

Capital Fund Program Number OH16P03250106

1. The Program Costs are as follows:

Funds Approved	\$222,147
Funds Expended	<u>222,147</u>
Excess (Deficiency) of Funds Approved	<u>\$ -0-</u>
Funds Advanced	\$222,147
Funds Expended	<u>222,147</u>
Excess (Deficiency) of Funds Advanced	<u><u>\$ -0-</u></u>

2. All costs have been paid and there are no outstanding obligations.
3. The Final Financial Status Report was signed and filed on October 28, 2009.
4. The final costs on the certification agree to the Authority's records.

Hocking Metropolitan Housing Authority
PHA's Statement and Certification of Actual Modernization Cost
December 31, 2009

Capital Fund Program Number OH16P03250107

5. The Program Costs are as follows:

Funds Approved	\$227,391
Funds Expended	<u>227,391</u>
Excess (Deficiency) of Funds Approved	<u>\$ -0-</u>
Funds Advanced	\$227,391
Funds Expended	<u>227,391</u>
Excess (Deficiency) of Funds Advanced	<u><u>\$ -0-</u></u>

6. All costs have been paid and there are no outstanding obligations.
7. The Final Financial Status Report was signed and filed on October 28, 2009.
8. The final costs on the certification agree to the Authority's records.

Hocking Metropolitan Housing Authority
 Schedule of Expenditures of Federal Award
 For the Year Ended December 31, 2009

FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES	CFDA NUMBER	EXPENDITURES
U.S. Department of Housing and Urban Development		
Direct Program		
Shelter Plus Care	14.238	\$116,402
Low Rent Public Housing	14.850	318,372
Housing Choice Vouchers	14.871	1,232,414
Public Housing Capital Fund Program	14.872	<u>174,198</u>
Total U.S. Department of Housing and Urban Development		<u>1,841,386</u>
U.S. Department of Health and Human Services		
Pass Through Hocking County Department of Job and Family Services		
Temporary Assistance for Needy Families	93.558	<u>103,909</u>
Total U.S. Department of Health and Human Services		<u>103,909</u>
TOTAL AWARDS		<u>\$1,945,295</u>



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

Board of Directors
Hocking Metropolitan Housing Authority

I have audited the financial statements of the business-type activities of the Hocking Metropolitan Housing Authority, Ohio, as of and for the year ended December 31, 2009, which collectively comprise the Hocking Metropolitan Housing Authority basic financial statements and have issued my report thereon dated May 21, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the authority's financial statements that is more than inconsequential will not be prevented or detected by the authority's internal control.

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

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

Compliance and Other Matters

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

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

Salvatore Consiglio, CPA, Inc.

May 21, 2010



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

Board of Directors
Hocking Metropolitan Housing Authority

Compliance

I have audited the compliance of the Hocking Metropolitan Housing Authority, Ohio, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2009. Hocking Metropolitan Housing Authority, Ohio major federal programs are identified in the summary of auditor's result section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Hocking Metropolitan Housing Authority, Ohio's management. My responsibility is to express an opinion on Hocking Metropolitan Housing Authority, Ohio's compliance based on my audit.

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

In my opinion, Hocking Metropolitan Housing Authority, Ohio, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009.

Internal Control Over Compliance

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

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Authority's internal control.

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

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

Salvatore Consiglio, CPA, Inc.

May 21, 2010

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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

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

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

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

Hocking Metropolitan Housing Authority
Schedule of Prior Audit Findings
December 31, 2009

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



Mary Taylor, CPA
Auditor of State

HOCKING METROPOLITAN HOUSING AUTHORITY

HOCKING 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 19, 2010**