

Pickaway Metropolitan Housing Authority

Pickaway County, Ohio

Single Audit

January 1, 2010 through December 31, 2010

Year Audited Under GAGAS: 2010



Balestra, Harr & Scherer, CPAs, Inc.

528 South West St, P.O. Box 687, Piketon, Ohio 45661 Phone: 740.289.4131 Fax: 740.289.3639
9076 Ohio River Road, Wheelersburg, OH 45694 Phone: 740.876.9121 Fax: 800.210.2573

WWW.BHSCPAS.COM



Dave Yost • Auditor of State

Board of Commissioners
Pickaway Metropolitan Housing Authority
176 Rustic Drive
Circleville, Ohio 43113

We have reviewed the *Independent Auditor's Report* of the Pickaway Metropolitan Housing Authority, Pickaway County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2010 through December 31, 2010. 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 Pickaway Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

June 30, 2011

This Page is Intentionally Left Blank.

Pickaway Metropolitan Housing Authority
Table of Contents
For the Year Ended December 31, 2010

<u>TITLE</u>	<u>PAGE</u>
Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 8
Basic Financial Statements:	
Statement of Net Assets	9
Statement of Revenues, Expenses and Change in Net Assets	10
Statement of Cash Flows	11
Notes to the Basic Financial Statements	12 - 18
Schedule of Federal Awards Expenditures	19
Notes to the Schedule of Federal Awards Expenditures	20
Supplemental Financial Data:	
Statement of Net Assets by Program	21 - 22
Statement of Revenues, Expenses and Changes in Net Assets by Program	23 - 24
Summary of Activity	25
Actual Modernization Stimulus Grant Cost Certification	26
Actual Modernization Grant Cost Certification	27
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	28-29
Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133	30 - 31
Schedule of Findings – OMB Circular A-133 Section .505	32



Independent Auditor's Report

Pickaway Metropolitan Housing Authority
Pickaway County
176 Rustic Drive
Circleville, Ohio 43113

To the Board of Commissioners:

We have audited the accompanying basic financial statements of the Pickaway Metropolitan Housing Authority, Pickaway County, Ohio, (the Authority), as of and for the year ended December 31, 2010, 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Pickaway Metropolitan Housing Authority, Pickaway County, Ohio, as of December 31, 2010, 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 May 31, 2011, 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. While we did not opine on the internal control over financial reporting, or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include Management's Discussion and Analysis, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

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

We conducted our audit to opine on the financial statements that collectively comprise the Authority's basic financial statements taken as a whole. The supplemental financial data provides 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. The Schedule of Federal Awards Expenditures provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The supplemental financial data and the Schedule of Federal Awards Expenditures are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The supplemental financial data and the Schedule of Federal Awards Expenditures were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Balestra, Harr & Scherer, CPAs, Inc.
May 31, 2011

Pickaway Metropolitan Housing Authority
Management's Discussion of Analytics
For the Year Ended December 31, 2010
(Unaudited)

It is a privilege to present for you the financial picture of Pickaway Metropolitan Housing Authority. The Pickaway Metropolitan Housing Authority's ("the Authority") management's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position (its ability to address the next and subsequent year challenges), and (d) identify the single enterprise fund issues or concerns.

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

FINANCIAL HIGHLIGHTS

- The revenue increased by \$453,961 (or 10.03%) during 2010, and was \$4,981,155 and \$4,527,194 for 2010 and 2009, respectively.
- The total expenses increased by \$189,495 (or 4.20%). Total expenses were \$4,700,108 and \$4,510,613 for 2010 and 2009, respectively.

BASIC FINANCIAL STATEMENTS

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

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

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

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

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

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

The basic 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.

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.

Pickaway Metropolitan Housing Authority
Management's Discussion of Analytics
For the Year Ended December 31, 2010
(Unaudited)

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

Conventional Public Housing – 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.

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

Williamsport Terrace (WT) – This is a multiple family housing project funded by the United States Department of Agriculture. Each month subsidy is paid to the authority and the USDA deducts the mortgage payment from that subsidy. The rental assistance part of the subsidy is reflected as federal expenditures for this program.

Other Business Activities – This is the miscellaneous activities of the authority that currently include housing activities outside the scope of the conventional and housing choice voucher programs. Management contracts for non-profit elderly projects.

Housing Choice Voucher Program – 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.

Pickaway Metropolitan Housing Authority
Management's Discussion of Analytics
For the Year Ended December 31, 2010
(Unaudited)

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS

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

TABLE 1

	<u>2010</u>	<u>2009</u>
Current and other assets	\$ 1,473,251	\$ 1,672,226
Capital assets	5,694,014	5,350,958
TOTAL ASSETS	7,167,265	7,023,184
Current liabilities	127,788	438,731
Long-term liabilities	820,077	646,100
TOTAL LIABILITIES	947,865	1,084,831
Net assets:		
Invested in capital assets, net of related debt	4,936,328	4,764,667
Restricted	166,138	411,749
Unrestricted	1,116,934	761,937
TOTAL NET ASSETS	\$ 6,219,400	\$ 5,938,353

MAJOR FACTORS AFFECTING THE STATEMENT OF NET ASSETS

Current and other assets decreased \$198,975. Cash and investments represented most of the change and at the end of the prior year the authority had deferred revenue of \$280,299 for HAP and Administrative subsidy received in 2009 for 2010. This amount was spent in 2010.

The capital asset differences are outline in Table 4.

Current liabilities decreased by \$310,943, most of which was a decrease in deferred revenue of \$297,069.

The change in net assets was the 2010 activity of an increase of \$281,047. Refer to Table 2.

Pickaway Metropolitan Housing Authority
Management's Discussion of Analytics
For the Year Ended December 31, 2010
(Unaudited)

TABLE 2
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

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

	<u>2010</u>	<u>2009</u>
Revenues		
Tenant revenue - rents and other	\$ 267,792	\$ 255,575
Operating subsidies and grants	3,975,526	3,924,371
Capital grants	698,107	293,295
Investment income/other revenues	39,730	53,953
TOTAL REVENUE	4,981,155	4,527,194
Expenses		
Administration	632,194	613,957
Tenant services	1,471	75,776
Utilities	102,855	101,013
Maintenance	337,637	295,390
General/PILOT/Insurance	48,500	52,166
Housing assistance payment	3,142,304	2,951,385
Depreciation	396,484	380,720
Interest expense	11,542	11,048
Bad debt/fraud losses	27,121	29,158
TOTAL EXPENSES	4,700,108	4,510,613
Operating transfer in	20,000	165,084
Operating transfer out	(20,000)	(165,084)
NET INCREASE (DECREASE)	\$ 281,047	\$ 16,581

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

The significant changes in revenue occurred in the capital grants, during the year the authority had major construction for the rural rental housing program of which capital grants were received in the amount of \$612,991. The capital funds from HUD were down \$208,179, this activity fluctuates from year to year. Investment income is down due to market conditions.

The increase in total expenses is due largely to the increase in HAP expenditures in 2010, which was \$190,919.

Pickaway Metropolitan Housing Authority
Management's Discussion of Analytics
For the Year Ended December 31, 2010
(Unaudited)

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

As of year end, the Authority had \$5,694,014 invested in a variety of capital assets as reflected in the following schedule, which represents a net increase (addition, deductions and depreciation) of \$343,056 from the end of last year.

TABLE 3
 CAPITAL ASSETS AT YEAR-END
 (NET OF DEPRECIATION)

	2010	2009
Land and land rights	\$ 684,414	\$ 684,414
Buildings	10,719,302	9,988,023
Equipment - administrative	187,701	216,157
Equipment - dwellings	117,462	99,992
Leasehold improvements	57,495	57,495
Construction in progress	-	40,926
Accumulated depreciation	(6,072,360)	(5,736,049)
TOTAL	\$ 5,694,014	\$ 5,350,958

The following reconciliation summarizes the change in Capital Assets.

TABLE 4
 CHANGE IN CAPITAL ASSETS

BEGINNING BALANCE		\$ 5,350,958
Additions		739,540
Depreciation		(396,484)
ENDING BALANCE		\$ 5,694,014
Capital improvements on buildings amounted to:		\$ 690,353

DEBT ADMINISTRATION

The Authority's debt is listed as current and long-term debt on the statement of net assets and is a loan in the Williamsport Terrace project a FHA project. The Authority also has a construction loan to renovate a building acquired. This construction loan to be completed in 2011.

Pickaway Metropolitan Housing Authority

Management's Discussion of Analytics

For the Year Ended December 31, 2010

(Unaudited)

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding levels 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
- Market rates for rental housing

IN CONCLUSION

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

FINANCIAL CONTACT

If you have any questions regarding this report, you may contact Kim Hartinger, Executive Director of the Pickaway Metropolitan Housing Authority at (740) 477-2514.

Pickaway Metropolitan Housing Authority
Statement of Net Assets
As of December 31, 2010

ASSETS	
Current Assets	
Cash and cash equivalents	\$ 482,817
Cash-tenant security deposits	26,936
Investments - unrestricted	390,608
Receivables, net of allowance	111,160
Inventories, net	14,162
Prepaid expenses and other assets	<u>27,608</u>
Total current assets	1,053,291
Noncurrent assets	
Cash and cash equivalents - restricted	179,583
Investments - restricted	240,377
Nondepreciable capital assets	684,414
Depreciable capital assets, net of accumulated depreciation	<u>5,009,600</u>
Total noncurrent assets	<u>6,113,974</u>
TOTAL ASSETS	7,167,265
LIABILITIES	
Current liabilities	
Accounts payable	14,903
Accrued liabilities	69,991
Intergovernmental payables	12,304
Tenant security deposits	7,786
Deferred revenue	19,150
Long-term debt - current portion	6,700
Other current liabilities	<u>54</u>
Total current liabilities	130,888
Noncurrent liabilities	
Long-term debt	750,986
Noncurrent liabilities - other	13,445
Compensated absences	<u>52,546</u>
Total noncurrent liabilities	<u>816,977</u>
TOTAL LIABILITIES	947,865
NET ASSETS	
Invested in capital assets, net of related debt	4,936,328
Restricted net assets	166,138
Unrestricted	<u>1,116,934</u>
TOTAL NET ASSETS	<u>\$ 6,219,400</u>

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

Pickaway Metropolitan Housing Authority
Statement of Revenues, Expenses and Change in Net Assets
For the Year Ended December 31, 2010

OPERATING REVENUES	
Tenant revenue	\$ 267,792
Government operating grants	3,975,526
Other revenues	<u>30,822</u>
 TOTAL OPERATING REVENUES	 4,274,140
 OPERATING EXPENSES	
Administrative	632,194
Tenant services	1,471
Utilities	102,855
Maintenance	337,637
Insurance	32,671
Payment in Lieu of Taxes	12,304
General	3,525
Housing assistance payments	3,142,304
Bad Debts	27,121
Depreciation expense	<u>396,484</u>
 TOTAL OPERATING EXPENSES	 <u>4,688,566</u>
 OPERATING LOSS	 (414,426)
 NON-OPERATING REVENUES/(EXPENSES)	
Capital grants	698,107
Investment income	8,908
Interest expense	<u>(11,542)</u>
 TOTAL NON-OPERATING REVENUES/(EXPENSES)	 <u>695,473</u>
 CHANGE IN NET ASSETS	 281,047
 NET ASSETS BEGINNING OF YEAR	 <u>5,938,353</u>
 NET ASSETS END OF YEAR	 <u>\$ 6,219,400</u>

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

Pickaway Metropolitan Housing Authority
Statement of Cash Flows
For the Year Ended December 31, 2010

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from tenants	\$ 256,212
Cash received from HUD and other governments	3,659,307
Cash received from other operating sources	30,822
Cash payments for housing assistance payments	(3,142,304)
Cash payments for administrative and operating expenses	<u>(1,183,481)</u>
NET CASH USED FOR OPERATING ACTIVITIES	(379,444)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal payments	(3,407)
Capital grants	698,107
Interest expense	(11,542)
Loan proceeds	174,802
Acquisition of capital assets	<u>(739,541)</u>
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	118,419
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	8,908
Investment activity	<u>(203,462)</u>
NET CASH USED FOR INVESTING ACTIVITIES	(194,554)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(455,579)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>1,144,915</u>
CASH AND CASH EQUIVALENTS, ENDING	<u><u>\$ 689,336</u></u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET	
CASH USED FOR OPERATING ACTIVITIES	
Operating loss	\$ (414,426)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation	396,484
(Increase) decrease in:	
Receivables, net of allowance	(48,122)
Prepaid expenses and other assets	(842)
Inventories, net of allowance	(4,177)
Increase (decrease) in:	
Accounts payable	(1,242)
Accounts payable - HUD/other governments	1,592
Tenant security deposits	3,641
Accrued liabilities	1,566
Accrued compensated absences	4,696
Deferred revenues	(316,219)
FSS liabilities	<u>(2,395)</u>
NET CASH USED FOR OPERATING ACTIVITIES	<u><u>\$ (379,444)</u></u>

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

Pickaway Metropolitan Housing Authority
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Pickaway Metropolitan Housing Authority (PMHA or Authority) was created under the Ohio Revised Code Section 3735.27 to engage in the acquisition, development, leasing, and administration of low-rent housing programs. An Annual Contributions Contract (ACC) was signed by the Pickaway Metropolitan Housing Authority and 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 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.

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 and chooses not to follow FASB guidance issued after this date.

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.

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 the 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 a maturity of three months or less when purchased to be cash equivalents.

Tenant Receivables – Recognition of Bad Debts

Bad debts are provided on the allowance method based on management’s evaluation of the collectability of outstanding tenant receivable balances at the end of the year. The allowance for bad debts for tenant related receivables was \$27,121 at December 31, 2010.

Due From/To Other Programs

The following is the detail to reconcile to the Federal Data Schedule (FDS) submitted to HUD. These are eliminated from the basic financial statements:

	<u>O.B.A./CHIP</u>	<u>Section 8</u>	<u>Public Housing</u>	<u>Shelter Plus Care</u>	<u>Capital Fund</u>	<u>W.T.</u>	<u>Total</u>
Due From	\$ 13,494	\$ 28,492	\$ -	\$ -	\$ -	\$ -	\$ 41,986
Due To	\$ (9,375)	\$ -	\$ (24,858)	\$ (6,494)	\$ -	\$ (1,259)	\$ (41,986)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Property and Equipment

Property and equipment is 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. The capitalization policy amount is \$2,500.

Useful Lives:	Buildings	27.5 – 40 years
	Buildings and Leasehold Improvements	15
	Furniture and Equipment	7
	Autos	5
	Computers	3

Depreciation is recorded on the straight-line method.

Investments

Investments are stated at fair value. Non-negotiable certificates of deposit and money market investments are stated at cost. Cost-based measurers of fair value were applied to non-negotiable certificates of deposit and money market investments.

Restricted Cash and Investments

Restricted cash and investments represents amounts received for the home ownership program, restricted HAP monies, 5H funds, and tenant security deposits.

Net Assets

Net assets represent the difference 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. Restricted net assets are HAP (NRA) \$166,138.

Inventories

Inventories are stated at cost. The allowance for obsolete inventory was \$1,560 at December 31, 2010.

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 withdrawable 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 of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) by eligible securities pledged by the financial institution as security for repayment, but 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.

Pickaway Metropolitan Housing Authority
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

2. CASH AND INVESTMENTS – CONTINUED

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 pool 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, 2010, the carrying amount of all Authority deposits was \$1,320,321. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of December 31, 2010, \$363,113 of the Authority’s bank balance of \$1,363,113 was exposed to custodial risk as discussed above while \$1,000,000 was covered by Federal Deposit Insurance. The \$363,113 exposed to custodial risk was collateralized with securities held by the Authority or its agent but not in the Authority’s name.

Book balances at December 31, 2010 were as follows:

	Cash and Cash Equivalents	Investments	Total
Public housing	\$ 229,910	\$ 474,241	\$ 704,151
Section 8	351,869	156,744	508,613
Rural rental housing	54,657	-	54,657
Business activities	39,406	-	39,406
CHIP	7,000	-	7,000
SPC	6,494	-	6,494
	TOTAL	\$ 630,985	\$ 1,320,321
Restricted cash and cash equivalents:	Restricted investments:		
Tenant security deposits - PH	\$ 19,150		\$ -
Tenant security deposits - WT	5,220		-
Tenant security deposits - OBA	2,566		-
5-H funds	-		240,377
FSS funds	13,445		-
HAP reserve	166,138		-
TOTAL RESTRICTED CASH AND CASH EQUIVALENTS	\$ 206,519	TOTAL RESTRICTED INVESTMENTS	\$ 240,377

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 fund, 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 also prohibited. An investment must mature within five years from the date 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 the certificate, upon receipt of confirmation of transfer from the custodian.

Pickaway Metropolitan Housing Authority
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

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 non-negotiable certificates of deposit are classified as investments on the balance sheet but are considered as deposits for GASB Statement No. 3 purposes. Therefore, the categories described above do not apply.

3. CAPITAL ASSETS

A summary of capital assets at December 31, 2010, by class is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
CAPITAL ASSETS, NOT BEING DEPRECIATED				
Land	\$ 684,414	\$ -	\$ -	\$ 684,414
Construction in progress	40,926	-	(40,926)	-
CAPITAL ASSETS, BEING DEPRECIATED				
Buildings and improvements	9,988,023	731,279	(3,940)	10,715,362
Land improvements	-	3,940	-	3,940
Furniture and equipment - dwelling	99,992	17,470	-	117,462
Furniture and equipment - administrative	216,157	31,717	(60,173)	187,701
Leasehold improvements	57,495	-	-	57,495
Total	<u>10,361,667</u>	<u>784,406</u>	<u>(64,113)</u>	<u>11,081,960</u>
ACCUMULATED DEPRECIATION				
Buildings and improvements	(5,444,819)	(373,185)	-	(5,818,004)
Furniture and equipment - dwelling	(58,434)	(12,687)	-	(71,121)
Furniture and equipment - administrative	(205,044)	(6,675)	60,173	(151,546)
Land improvements	(2,717)	(104)	-	(2,821)
Leasehold improvements	(25,035)	(3,833)	-	(28,868)
Total	<u>(5,736,049)</u>	<u>(396,484)</u>	<u>60,173</u>	<u>(6,072,360)</u>
TOTAL CAPITAL ASSETS, NET	<u>\$ 5,350,958</u>	<u>\$ 387,922</u>	<u>\$ (44,866)</u>	<u>\$ 5,694,014</u>

4. ADMINISTRATIVE FEE

The Authority receives an “administrative fee” as part of the annual contribution from HUD to cover the 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.

5. DEFINED BENEFIT PENSION PLANS – PUBLIC EMPLOYEES RETIREMENT SYSTEM

All full-time employees of the 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 the eligible service credit to members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. OPERS issue a publicly available financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-PERS.

A. Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:

- a. The Traditional Pension Plan – A cost-sharing multiple-employer defined benefit pension plan.

5. DEFINED BENEFIT PENSION PLANS – PUBLIC EMPLOYEES RETIREMENT SYSTEM – CONTINUED

- b. The Member-Directed 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-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus, any investment earnings.
 - c. 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.
- B. OPERS provide retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.
- C. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.
- D. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS. Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.
- E. The Ohio Revised Code provides statutory authority for member and employer contributions. For 2010, member and employer contribution rates were consistent across all three plans.

The member contribution rate was 10.0% for 2010, 2009, and 2008 for the Authority.

The employer contribution rate was 14.0% of covered payroll for 2010, 2009, and 2008 for the Authority.

The Authority's contributions to OPERS for the years ended December 31, 2010, 2009 and 2008 were \$107,710, \$95,466, and \$89,755, respectively, which were equal to the required contributions for those years.

6. POST EMPLOYMENT BENEFITS – OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

- A. OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program, and Medicare Part B Premium reimbursement, to qualifying members of both the Traditional Pension and the Combined 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 which may be obtained by writing to the OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

6. POST EMPLOYMENT BENEFITS – OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM - CONTINUED

B. 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 retirements health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, the Authority contributed at 14.0% of covered payroll. The Ohio Revised Code currently limits the employer contribution rate not to exceed 14.0% of covered payroll. Active members do not make contributions to the OPEB Plan.

OPERS’ Post Employment Health Care Plan was established under, and is administered 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. For 2010, the employer contributions allocated to the health care plan was 5.50% of covered payroll. 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.

C. The employer contributions that were used to fund post-employment benefits were approximately \$54,000 for 2010, \$47,730 for 2009, \$44,878 for 2008 which were equal to the required contributions for each year.

D. The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board of September 9, 2004, was effective, January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

7. 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 4.0 hours sick leave per 80 hours of service. Unused sick leave may be accumulated without limit. All permanent employees will earn vacation hours accumulated based on length of service. All vacation time accumulated will be paid upon separation.

At December 31, 2010, based on the vesting method \$85,160 was accrued by the Authority for unused vacation and sick time. This balance is the combined total of long-term compensated absences of \$52,546 and short-term which is included in accrued liabilities of \$32,614.

	Beginning Balance 12/31/09	Additions	Deletions	Ending Balance 12/31/10	Due in One Year
Compensated absences payable	\$ 80,464	\$ 72,828	\$ 68,132	\$ 85,160	\$ 32,614

8. INSURANCE

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. There was no significant reduction in coverage and no settlements exceeded insurance coverage during the past three years.

Pickaway Metropolitan Housing Authority
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

9. LONG-TERM DEBT

The Authority manages a multiple family housing project funded by the Department of Agriculture under its rural housing service. The following is a summary of activity occurring during 2010:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
Mortgage					
Issued May 10, 1985					
Interest Rate 11.875%	\$ 520,283	\$ -	\$ 3,407	\$ 516,876	\$ 3,600
Rehab loan					
The Savings Bank					
Construction	66,008	174,802	-	240,810	3,100
Total	<u>\$ 586,291</u>	<u>\$ 174,802</u>	<u>\$ 3,407</u>	<u>\$ 757,686</u>	
			Current	<u>6,700</u>	
			Long-term	<u>\$ 750,986</u>	

Annual payments required vary: based on a calculation performed on a monthly basis; using the standard loan payment amount, overages on tenant accountants and the rental assistance requested.

The maximum construction loan credit is \$350,000. The current interest rate is 5.875%

10. ACCRUED LIABILITIES

The following is the detail of accrued liabilities at December 31, 2010:

Accrued payroll and payroll taxes	\$ 36,506
Accrued compensated absences - current	32,614
Other accrued liabilities	<u>871</u>
TOTAL ACCRUED LIABILITIES	<u>\$ 69,991</u>

11. SUBSEQUENT EVENTS

There were no subsequent events noted to be disclosed through DATE, the date the financial statements were available to be issued. Any subsequent events after that date have not been evaluated.

Pickaway Metropolitan Housing Authority
Schedule of Federal Awards Expenditures
For the Fiscal Year Ended December 31, 2010

<u>FEDERAL GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>DISBURSEMENTS</u>
<u>U. S. Department of Housing and Urban Development</u>		
<i>Direct</i>		
Public and Indian Housing	14.850	\$ 357,614
CFP Cluster		
Public Housing Capital Fund	14.872	112,004
Public Housing Capital Fund, Recovery Act	14.885	5,126
Total CFP Cluster		<u>117,130</u>
Shelter Plus Care	14.238	51,199
Section 8 Housing Choice Vouchers	14.871	<u>3,448,245</u>
Total Direct		3,974,188
<i>Passed through Pickaway County CDBG Program</i>		
Home Investment Partnership Program (A) CHIP	14.239	<u>23,348</u>
Total U. S. Department of Housing and Urban Development		3,997,536
<u>U. S. Department of Agriculture</u>		
Rural Rental Housing Loans	10.415	<u>44,724</u>
Total U. S. Department of Agriculture		<u>44,724</u>
Total Federal Financial Assistance		<u>\$ 4,042,260</u>

See the Notes to the Schedule of Federal Awards Expenditures

Pickaway Metropolitan Housing Authority
Notes to the Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2010

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.

Pickaway Metropolitan Housing Authority
Statement of Net Assets by Program
FDS Schedule Submitted to HUD
As of December 31, 2010

FDS Line Item Number	Account Description	Project Total	1 Business Activities	14.238 Shelter Plus Care
ASSETS				
111	Cash - unrestricted	\$ 210,760	\$ 36,840	\$ 6,494
113	Cash - other restricted	-	-	-
114	Cash - tenant security deposits	19,150	2,566	-
100	TOTAL CASH	<u>229,910</u>	<u>39,406</u>	<u>6,494</u>
125	Accounts receivable - miscellaneous	1,129	-	-
126	Accounts receivable tenants - dwelling rents	21,599	525	-
126.2	Allowance for doubtful accounts - other	(16,821)	-	-
128	Fraud recovery	-	-	-
128.1	Allowance for doubtful accounts - fraud	-	-	-
129	Accrued interest receivable	92	-	-
120	TOTAL RECEIVABLES, NET	<u>5,999</u>	<u>525</u>	<u>-</u>
131	Investments - unrestricted	233,864	-	-
135	Investments - restricted	240,377	-	-
142	Prepaid expenses and other assets	20,341	754	-
143	Inventories	13,109	-	-
143.1	Allowance for obsolete inventory	(1,300)	-	-
144	Interprogram due from	-	13,494	-
150	TOTAL CURRENT ASSETS	<u>742,300</u>	<u>54,179</u>	<u>6,494</u>
161	Land	560,154	105,320	-
162	Buildings	9,215,075	291,387	-
163	Furniture and equipment - dwellings	116,053	-	-
164	Furniture and equipment - admin	114,576	-	-
165	Leasehold improvements	57,495	-	-
166	Accumulated depreciation	(5,620,499)	(62,535)	-
160	TOTAL CAPITAL ASSETS, NET	<u>4,442,854</u>	<u>334,172</u>	<u>-</u>
190	TOTAL ASSETS	<u>5,185,154</u>	<u>388,351</u>	<u>6,494</u>
LIABILITIES				
312	Accounts payable <=90 days	9,937	10	-
321	Accrued wages/payroll taxes	11,964	749	-
322	Accrued compensated absences	22,857	1,274	-
325	Accrued interest payable	-	-	-
333	Accounts payable - other government	12,304	-	-
341	Tenant security deposits	-	2,566	-
342	Deferred revenue	19,150	-	-
343	Current Portion of Long Term Debt	-	-	-
345	Other Current Liabilities	54	-	-
347	Interprogram due to	24,858	2,375	6,494
310	TOTAL CURRENT LIABILITIES	<u>101,124</u>	<u>6,974</u>	<u>6,494</u>
351	Long-term debt	-	-	-
354	Long-term compensated absences	36,518	2,371	-
353	Other long-term liabilities	-	-	-
350	TOTAL NON-CURRENT LIABILITIES	<u>36,518</u>	<u>2,371</u>	<u>-</u>
300	TOTAL LIABILITIES	<u>137,642</u>	<u>9,345</u>	<u>6,494</u>
508.1	Invested in capital assets, net of related debt	4,442,854	334,172	-
511.1	Restricted Net Assets	-	-	-
512.1	Unrestricted net assets	604,658	44,834	-
513	TOTAL NET ASSETS	<u>5,047,512</u>	<u>379,006</u>	<u>-</u>
600	TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,185,154</u>	<u>\$ 388,351</u>	<u>\$ 6,494</u>

14.871 Housing Choice Vouchers	14.885 Formula Capital Fund Stimulus Fund	14.239 HOME Investment Partnerships Program	10.415 Rural Rental Housing Loans	Interprogram Eliminations	Total
\$ 172,286	\$ -	\$ 7,000	\$ 49,437	\$ -	\$ 482,817
179,583	-	-	-	-	179,583
-	-	-	5,220	-	26,936
<u>351,869</u>	<u>-</u>	<u>7,000</u>	<u>54,657</u>	<u>-</u>	<u>689,336</u>
82,621	-	-	-	-	83,750
1,475	-	-	2,934	-	26,533
(375)	-	-	-	-	(17,196)
32,161	-	-	-	-	32,161
(14,417)	-	-	-	-	(14,417)
237	-	-	-	-	329
<u>101,702</u>	<u>-</u>	<u>-</u>	<u>2,934</u>	<u>-</u>	<u>111,160</u>
156,744	-	-	-	-	390,608
-	-	-	-	-	240,377
5,033	-	-	1,480	-	27,608
2,613	-	-	-	-	15,722
(260)	-	-	-	-	(1,560)
28,492	-	-	-	(41,986)	-
<u>646,193</u>	<u>-</u>	<u>7,000</u>	<u>59,071</u>	<u>(41,986)</u>	<u>1,473,251</u>
-	-	-	18,940	-	684,414
-	-	-	1,212,840	-	10,719,302
-	-	-	1,409	-	117,462
73,126	-	-	-	-	187,702
-	-	-	-	-	57,495
(38,453)	-	-	(350,874)	-	(6,072,361)
<u>34,673</u>	<u>-</u>	<u>-</u>	<u>882,315</u>	<u>-</u>	<u>5,694,014</u>
680,866	-	7,000	941,386	(41,986)	7,167,265
1,732	-	-	3,224	-	14,903
23,794	-	-	-	-	36,507
8,483	-	-	-	-	32,614
-	-	-	870	-	870
-	-	-	-	-	12,304
-	-	-	5,220	-	7,786
-	-	-	-	-	19,150
-	-	-	3,600	-	3,600
-	-	-	-	-	54
-	-	7,000	1,259	(41,986)	-
<u>34,009</u>	<u>-</u>	<u>7,000</u>	<u>14,173</u>	<u>(41,986)</u>	<u>127,788</u>
-	-	-	754,086	-	754,086
13,657	-	-	-	-	52,546
13,445	-	-	-	-	13,445
<u>27,102</u>	<u>-</u>	<u>-</u>	<u>754,086</u>	<u>-</u>	<u>820,077</u>
61,111	-	7,000	768,259	(41,986)	947,865
34,673	-	-	124,629	-	4,936,328
166,138	-	-	-	-	166,138
418,944	-	-	48,498	-	1,116,934
<u>619,755</u>	<u>-</u>	<u>-</u>	<u>173,127</u>	<u>-</u>	<u>6,219,400</u>
<u>\$ 680,866</u>	<u>\$ -</u>	<u>\$ 7,000</u>	<u>\$ 941,386</u>	<u>\$ (41,986)</u>	<u>\$ 7,167,265</u>

Pickaway Metropolitan Housing Authority
Statement of Revenues, Expenses and Changes in Net Assets by Program
FDS Schedule Submitted to HUD
For the Year Ended December 31, 2010

FDS Line Item No.	Account Description	Project Total	1 Business Activities	14.238 Shelter Plus Care
REVENUE				
703	Net tenant rental revenue	\$ 209,839	\$ 20,755	\$ -
704	Tenant revenue - other	20,492	-	-
705	TOTAL TENANT REVENUE	230,331	20,755	-
706	HUD PHA operating grants	389,628	-	51,199
706.1	Capital grants	79,990	-	-
708	Other government grants	-	-	-
711	Investment income - unrestricted	3,168	260	2
714	Fraud recovery	-	-	-
715	Other Revenue	9,880	-	-
720	Investment income - restricted	2,892	-	-
700	TOTAL REVENUE	715,889	21,015	51,201
EXPENSES				
911	Administrative salaries	91,158	18,817	588
912	Auditing fees	4,500	-	-
913	Management fees	-	-	-
915	Employee benefit contributions - admin	44,908	-	-
916	Office Expenses	34,061	577	38
917	Legal Expense	3,000	-	-
918	Travel	16,400	-	-
924	Tenant services - other	1,471	-	-
931	Water	64,914	125	-
932	Electricity	12,575	129	-
933	Gas	9,314	588	-
938	Other utilities	537	-	-
941	Ordinary maintenance/operation - labor	52,671	5,486	-
942	Ordinary maintenance/operation - materials and other	45,767	304	-
943	Ordinary maintenance/operation - contract costs	50,830	2,960	-
945	Employee benefit contributions - ordinary maintenance	17,464	-	-
961	Insurance premiums	20,799	690	-
962	Other general expenses	3,525	-	-
962.1	Compensated absences	43,249	2,995	-
963	Payments in lieu of taxes	12,304	-	-
964	Bad debts - tenant rents	24,167	416	-
967	Interest expense	-	-	-
969	TOTAL OPERATING EXPENSES	553,614	33,087	626
970	EXCESS OPERATING REVENUE OVER/(UNDER) OPERATING EXPENSES	162,275	(12,072)	50,575
972	Casualty Losses- Non-capitalized	(6,651)	-	-
973	Housing assistance payments	-	-	50,575
974	Depreciation expense	352,862	10,705	-
900	TOTAL EXPENSES	899,825	43,792	51,201
1001	Operating transfers in	20,000	-	-
1002	Operating transfers out	(20,000)	-	-
1010	Total other financing sources/(uses)	-	-	-
1000	EXCESS OF REVENUE OVER/(UNDER) EXPENSES	(183,936)	(22,777)	-
1103	Beginning equity	5,004,167	401,783	-
	NET ASSETS, END OF YEAR	\$ 4,820,231	\$ 379,006	\$ -

14.871 Housing Choice Vouchers	14.885 Formula Capital Fund Stimulus Fund	14.239 HOME Investment Partnerships Program	10.415 Rural Rental Housing Loans	Total
\$ -	\$ -	\$ -	\$ 14,475	\$ 245,069
-	-	-	2,231	22,723
-	-	-	16,706	267,792
3,466,627	-	-	44,724	3,952,178
-	5,126	-	612,991	698,107
-	-	23,348	-	23,348
1,790	-	-	34	5,254
13,086	-	-	-	13,086
7,856	-	-	-	17,736
762	-	-	-	3,654
3,490,121	5,126	23,348	674,455	4,981,155
184,100	-	3,500	-	298,163
3,566	-	-	-	8,066
-	-	-	6,876	6,876
72,494	-	-	-	117,402
69,586	-	-	536	104,798
3,266	-	-	1,635	7,901
4,455	-	-	-	20,855
-	-	-	-	1,471
-	-	-	10,453	75,492
-	-	-	1,591	14,295
-	-	-	1,605	11,507
-	-	-	1,024	1,561
-	-	-	-	58,157
-	-	-	-	46,071
-	-	-	168,806	222,596
-	-	-	-	17,464
9,160	-	-	2,022	32,671
-	-	-	-	3,525
21,889	-	-	-	68,133
-	-	-	-	12,304
2,538	-	-	-	27,121
-	-	-	11,542	11,542
371,054	-	3,500	206,090	1,167,971
3,119,067	5,126	19,848	468,365	3,813,184
-	-	-	-	(6,651)
3,071,881	-	19,848	-	3,142,304
5,310	-	-	27,607	396,484
3,448,245	-	23,348	233,697	4,700,108
-	-	-	-	20,000
-	-	-	-	(20,000)
-	-	-	-	-
41,876	5,126	-	440,758	281,047
577,879	222,155	-	(267,631)	5,938,353
\$ 619,755	\$ 227,281	\$ -	\$ 173,127	\$ 6,219,400

Pickaway Metropolitan Housing Authority
Summary of Activity
For the Year Ended December 31, 2010

At the close of the fiscal year ended December 31, 2010, Pickaway Metropolitan Housing Authority had the following operations management:

	<u>Units</u>
Low Rent Public Housing Program	108
Section 8 Housing Choice Vouchers	635
Rural Rent Housing Program	<u>16</u>
Total Units	<u><u>759</u></u>

Pickaway Metropolitan Housing Authority
Actual Modernization Stimulus Grant Cost Certification
For the Year Ended December 31, 2010

1 - The Actual Modernization Stimulus Grant Costs are as follows:

	Project
	<u>OH16-5059-501-09</u>
Funds Approved	\$ 251,339
Funds Expended	<u>251,339</u>
Excess/(Deficiency) of Funds Approved	<u><u>\$ -</u></u>

Date Submitted

March 20, 2010

2 - The distribution of costs as shown on the Schedule/Report of Modernization Stimulus Grant Expenditures submitted to HUD for approval are in agreement with the Authority's records.

3 - All Modernization Stimulus Grant Costs have been paid and all related liabilities have been discharged through payment.

Pickaway Metropolitan Housing Authority
Actual Modernization Grant Cost Certification
For the Year Ended December 31, 2010

1 - The Actual Modernization Grant Costs are as follows:

	Project OH16-PO59-501-08
Funds Approved	\$ 198,561
Funds Expended	198,561
Excess/(Deficiency) of Funds Approved	<u>\$ -</u>

Date Submitted

October 20, 2010

2 - The distribution of costs as shown on the Schedule/Report of Modernization Grant Expenditures submitted to HUD for approval are in agreement with the Authority's records.

3 - All Modernization Grant Costs have been paid and all related liabilities have been discharged through payment.



**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by
*Government Auditing Standards***

Board of Commissioners
Pickaway Metropolitan Housing Authority
176 Rustic Drive
Circleville, Ohio 43113

We have audited the basic financial statements of the Pickaway Metropolitan Housing Authority, Pickaway County, Ohio (the Authority) as of and for the year ended December 31, 2010, and have issued our report thereon dated May 31, 2011. 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 to be material weaknesses, as defined above.

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 reported under *Government Auditing Standards*.

Board of Commissioners
Pickaway Metropolitan Housing Authority
Pickaway County, Ohio
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required By
Government Auditing Standards
Page 2

We intend this report solely for the information and use of management, Board of Commissioners, federal awarding agencies, pass-through entities, and others within the Authority. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.
May 31, 2011



Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133

Board of Commissioners
Pickaway Metropolitan Housing Authority
176 Rustic Drive
Circleville, Ohio 43113

Compliance

We have audited the compliance of Pickaway Metropolitan Housing Authority, Pickaway County, Ohio, (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 could directly and materially affect Pickaway Metropolitan Housing Authority's major federal program for the year ended December 31, 2010. The summary of auditor's results section of the accompanying Schedule of Findings identifies the Authority's major federal program. 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 Pickaway Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2010.

Internal Control Over Compliance

The Authority's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over 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.

Board of Commissioners
Pickaway Metropolitan Housing Authority
Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over
Compliance Required by OMB Circular A - 133
Page 2

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.

We intend this report solely for the information and use of management, Board of Commissioners, others within the Authority, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.
May 31, 2011

Pickaway Metropolitan Housing Authority
Schedule of Findings
OMB Circular A-133 Section .505
December 31, 2010

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control 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)
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

**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

This Page is Intentionally Left Blank.



Dave Yost • Auditor of State

PICKAWAY METROPOLITAN HOUSING AUTHORITY

PICKAWAY 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
JULY 14, 2011**