

**CHILlicothe METROPOLITAN
HOUSING AUTHORITY**

**BASIC FINANCIAL STATEMENTS
AND SINGLE AUDIT**

for the

Year Ended September 30, 2011



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Chillicothe Metropolitan Housing Authority, Ross County, prepared by Jones, Cochenour & Co., for the audit period October 1, 2010 through September 30, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

May 16, 2012

This page intentionally left blank.

**CHILLCOTHE METROPOLITAN HOUSING AUTHORITY
TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditors' Report	1 - 2
Management's Discussion and Analysis	3 - 8
Basic Financial Statements:	
Statement of Net Assets	9
Statement of Revenues, Expenses and Changes in Net Assets	10
Statement of Cash Flows	11
Notes to the Basic Financial Statements	12 - 20
Supplemental Data:	
Financial Data Schedules	21 - 30
Schedule of Expenditures of Federal Awards	31
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	32 - 33
Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	34 - 35
Summary of Auditors' Results and Schedule of Findings and Questioned Costs.....	36 - 37
Schedule of Prior Year Audit Findings	38

This page intentionally left blank.



125 West Mulberry Street
Lancaster, Ohio 43130

www.JCCcpa.com

740.653.9581 tel

614.837.2921 tel

740.653.0983 fax

Dean A. Cochenour, MBA, CPA
Jeanette R. Addington, MBA, CPA, CGFM
Brian D. Long, CPA
Keith A. Lewis, CPA

INDEPENDENT AUDITORS' REPORT

Board of Directors
Chillicothe Metropolitan Housing Authority
Chillicothe, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited the accompanying basic financial statements of Chillicothe Metropolitan Housing Authority, as of and for the year ended September 30, 2011. These basic financial statements are the responsibility of Chillicothe Metropolitan Housing Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Chillicothe Metropolitan Housing Authority, as of September 30, 2011, and the 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*, we have also issued our report dated March 16, 2012 on our consideration of Chillicothe Metropolitan Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting 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 assurance.

much more than an accounting firm

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Authority 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 Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Jones, Cochenour & Co.
March 16, 2012

**CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
Year Ended September 30, 2011**

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

Since the Management’s Discussion and Analysis (MD&A) is designed to focus on the current year’s activities, resulting changes and currently known facts, please read it in conjunction with the Authority’s financial statements (beginning on page 9).

FINANCIAL HIGHLIGHTS

- The Authority’s net assets increased by \$488,050 (or 5.0%) during 2011. Since the Authority engages only in business-type activities, the increase is all in the category of business-type net assets. Net Assets were \$9,951,231 and \$9,463,181 for 2011 and 2010, respectively.
- Revenues increased by \$726,692 (or 14.0%) during 2011, and were \$5,890,253 and \$5,163,561 for 2011 and 2010, respectively.
- The total expenses of all Authority programs increased by \$270,070 (or 5.3%). Total expenses were \$5,402,203 and \$5,132,133 for 2011 and 2010, respectively.

USING THIS ANNUAL REPORT

The Report includes three major sections, the “Management’s Discussion and Analysis (MD&A)”, “Financial Statements”, and “Other Required Supplementary Information”.

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

**CHILLCOTHE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended September 30, 2011**

AUTHORITY FINANCIAL STATEMENTS

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

These statements include a Statement of Net Assets, which is similar to a Balance Sheet. The Statement of Net Assets reports all financial and capital resources for the Authority. The statement is presented in the format where assets, minus liabilities, 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:

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

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

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

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

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

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

FUND FINANCIAL STATEMENTS

The Authority consists exclusively of Enterprise Funds. Enterprise Funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector of accounting. The Enterprise fund is accounted for on a flow of economic resources measurement focus.

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

THE AUTHORITY'S PROGRAMS

Projects – Conventional Public Housing and Capital Funds – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income. The Public Housing Program also includes the Capital Funds Program, which is the primary funding source for physical and management improvements to the Authority's properties.

Capital Fund Formula Stimulus Grant – The Authority received funding through the American Recovery and Reinvestment Act as part of the Capital Fund Program. These funds were for physical improvements of the Authority's properties.

**CHILLCOTHE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended September 30, 2011**

Central Office Cost Center (COCC) – The Authority owns and operates more than 383 dwelling rental units and established a COCC to account for non-project specific costs. These costs are funded from management fees, asset management fees, bookkeeping fees, and front-line service fees.

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30% of household income.

Veterans Affairs Supportive Housing (VASH) – Under the VASH program, the Authority combines Housing Choice Voucher rental assistance for homeless Veterans with case management and clinical services provided by the Department of Veterans Affairs.

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

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

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS

The following table reflects the condensed Statement of Net Assets compared to prior year. The Authority is engaged only in Business-Type Activities.

**TABLE 1
STATEMENT OF NET ASSETS**

	<u>2011</u>	<u>2010</u>
Current and Other Assets	\$ 1,608,672	\$ 1,544,457
Capital Assets	<u>8,656,329</u>	<u>8,206,785</u>
TOTAL ASSETS	<u>\$ 10,265,001</u>	<u>\$ 9,751,242</u>
Current Liabilities	\$ 234,906	\$ 202,066
Long-term Liabilities	<u>78,864</u>	<u>85,995</u>
TOTAL LIABILITIES	<u>313,770</u>	<u>288,061</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	8,656,329	8,206,785
Restricted	483,345	444,986
Unrestricted	<u>811,557</u>	<u>811,410</u>
TOTAL NET ASSETS	<u>9,951,231</u>	<u>9,463,181</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 10,265,001</u>	<u>\$ 9,751,242</u>

MAJOR FACTORS AFFECTING THE STATEMENT OF NET ASSETS

During 2011, current and other assets increased by \$64,215, and current liabilities increased by \$32,840. The current and other assets, primarily cash, increased because of increased revenue and current liabilities increased because of increased expenses and accounts payables.

**CHILLCOTHE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended September 30, 2011**

Capital assets also changed, increasing from \$8,206,785 to \$8,656,329. The \$449,544 increase is attributed primarily to a combination of net acquisitions (\$1,140,888), less current year depreciation (\$691,343). For more detail see "Capital Assets and Debt Administration" below.

**TABLE 2
CHANGE IN NET ASSETS**

Table 2 presents details on the change in Net Assets

	Restricted Net Assets	Unrestricted Net Assets	Investment in Capital Assets
Beginning Balance - September 30, 2010	\$ 444,986	\$ 811,412	\$ 8,206,785
Results of Operation	38,359	449,689	-
Adjustments:			
Current year Depreciation Expense (1)	-	691,343	(691,343)
Capital Expenditure (2)	-	(1,140,887)	1,140,887
Ending Balance - September 30, 2011	<u>\$ 483,345</u>	<u>\$ 811,557</u>	<u>\$ 8,656,329</u>

- 1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Assets.
- 2) Capital expenditures represent an outflow of unrestricted net assets, but are not treated as an expense against Results of Operations, and therefore must be deducted.

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Assets provides a clearer change in financial well-being.

**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.

	2011	2010
Revenues		
Tenant Revenue - Rents and Other	\$ 638,719	\$ 578,154
Operating Subsidies and Grants	4,092,725	4,090,324
Capital Grants	1,140,888	452,438
Investment Income/Other Revenues	17,921	42,645
TOTAL REVENUE	<u>5,890,253</u>	<u>5,163,561</u>
Expenses		
Administrative	721,667	679,957
Tenant Services	84,162	80,024
Utilities	368,667	370,689
Maintenance	756,911	622,878
Protective Services	26,425	26,104
Insurance Premiums	90,094	88,189
General and Miscellaneous	104,029	104,174
Housing Assistance Payments	2,543,614	2,405,026
Casualty loss	15,291	13,700
Depreciation	691,343	741,392
TOTAL EXPENSES	<u>5,402,203</u>	<u>5,132,133</u>
CHANGE IN NET ASSETS	<u>\$ 488,050</u>	<u>\$ 31,428</u>

**CHILLCOTHE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended September 30, 2011**

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

Tenant revenue increased during 2011 in comparison to 2010 due to higher tenant income and Other Tenant Revenue. Operating Subsidies and Grants increased slightly while Capital Grants increased significantly, due to funding from the stimulus grant.

Total expenses increased because previous years cutback sin maintenance required additional spending in fiscal year 2011. This was partially offset by depreciation going down due to assets being full depreciated. Section 8 Housing Assistance Payments also increased due to decreased income of tenants and higher occupancy.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

As of year end, the Authority had \$8,656,329 invested in a variety of capital assets as reflected in the following schedule, which represents a net increase (addition, deductions and depreciation) of \$449,544 or 5.4% from the end of last year.

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

	2011	2010
Land and Land Rights	\$ 1,301,488	\$ 1,301,488
Buildings	10,615,837	10,615,837
Equipment	517,853	517,853
Leasehold Improvements	12,431,528	11,290,641
Accumulated Depreciation	(16,210,377)	(15,519,034)
TOTAL	\$ 8,656,329	\$ 8,206,785

The following reconciliation summarizes the change in Capital Assets.

**TABLE 5
CHANGE IN CAPITAL ASSETS**

BEGINNING BALANCE - NET	\$ 8,206,785
Current Year Additions	1,140,888
Depreciation Expense	(691,344)
ENDING BALANCE - NET	\$ 8,656,329

DEBT

Debt Outstanding

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

**CHILlicothe METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended September 30, 2011**

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- **Federal funding provided by Congress to the Department of Housing and Urban Development**
- **Local labor supply and demand, which can affect salary and wage rates**
- **Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income**
- **Inflationary pressure on utility rates, supplies and other costs**

FINANCIAL CONTACT

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

CHILLCOTHE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET ASSETS
September 30, 2011

ASSETS

Cash and cash equivalents	\$	849,087
Restricted cash and cash equivalents		554,668
Receivables - net of allowance		149,425
Inventories - net of allowance		41,676
Prepaid expenses and other assets		13,816
TOTAL CURRENT ASSETS		1,608,672

CAPITAL ASSETS

Land		1,301,488
Other capital assets - net		7,354,841
TOTAL CAPITAL ASSETS		8,656,329

TOTAL ASSETS **10,265,001**

LIABILITIES

Accounts payable		81,659
Accrued wages/payroll taxes		19,027
Accrued compensated absences - current		38,187
Intergovernmental payables		47,745
Tenant security deposits		48,288
TOTAL CURRENT LIABILITIES		234,906

NON-CURRENT LIABILITIES

Accrued compensated absences - non-current		7,540
FSS liability		71,324
TOTAL NON-CURRENT LIABILITIES		78,864

TOTAL LIABILITIES **313,770**

NET ASSETS

Invested in capital assets - net of related debt		8,656,329
Restricted net assets		483,345
Unrestricted net assets		811,557
		9,951,231

NET ASSETS **\$ 9,951,231**

See accompanying notes to the basic financial statements

CHILLCOTHE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
September 30, 2011

OPERATING REVENUES	
Tenant revenue	\$ 638,719
Operating subsidies and grants	4,092,725
Other revenues	<u>15,941</u>
TOTAL OPERATING REVENUES	4,747,385
 OPERATING EXPENSES	
Administrative	721,667
Tenant services	84,162
Utilities	368,667
Maintenance	756,911
Protective services	26,425
Insurance	90,094
General	104,029
Housing assistance payments	2,543,614
Depreciation	691,343
Casualty loss	<u>15,291</u>
TOTAL OPERATING EXPENSES	<u>5,402,203</u>
OPERATING LOSS	(654,818)
 NON-OPERATING REVENUE	
Interest income	1,980
HUD capital grants	<u>1,140,888</u>
NET NON-OPERATING REVENUE	<u>1,142,868</u>
CHANGE IN NET ASSETS	488,050
NET ASSETS BEGINNING OF YEAR	<u>9,463,181</u>
NET ASSETS END OF YEAR	<u><u>\$ 9,951,231</u></u>

See accompanying notes to the basic financial statements

CHILLCOTHE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
Year Ended September 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from tenants	\$	619,796
Cash received from HUD		4,047,176
Cash received from other revenues		13,619
Cash payments for housing assistance payments		(2,543,614)
Cash payments for other operating expenses		(2,136,735)
Cash payments for HUD and other governments		(3,977)

NET CASH (USED) BY OPERATING ACTIVITIES		(3,735)
--	--	---------

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Capital grants received for capital assets		1,140,888
Acquisition of capital assets		(1,140,888)

NET CASH (USED) BY CAPITAL AND FINANCING ACTIVITIES		-
--	--	---

CASH FLOWS FROM INVESTING ACTIVITIES

Investment activity		1,980
---------------------	--	-------

DECREASE IN CASH AND CASH EQUIVALENTS		(1,755)
--	--	---------

CASH AND CASH EQUIVALENTS, BEGINNING		1,405,510
---	--	-----------

CASH AND CASH EQUIVALENTS, ENDING	\$	1,403,755
--	-----------	-----------

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

Operating loss	\$	(654,818)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation		691,343
(Increase) decrease in:		
Receivables - net of allowance		(66,957)
Inventories - net of allowance		2,254
Prepaid expenses and other assets		(1,266)
Increase (decrease) in:		
Accounts payable		33,297
Intergovernmental payables		24,610
Accrued wages/payroll taxes		3,094
Accrued compensated absences		(28,671)
Tenant security deposits		486
Deferred revenues and other liabilities		(7,107)

NET CASH (USED) BY OPERATING ACTIVITIES	\$	(3,735)
--	-----------	---------

See accompanying notes to the basic financial statements

CHILlicoTHE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

The financial statements of the Chillicothe Metropolitan Housing Authority (the "Authority") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or after November 30, 1989 to its business-type activities and to its proprietary fund provided they do not conflict with or contradict GASB pronouncements. The more significant of the Authority's accounting policies are described below.

The Authority has implemented GASB 34, noting that the inclusion of Management's Discussion and Analysis, the presentation of net assets, and the utilization of the direct method of cash flows are the changes made to the financial statements to comply with the requirement.

Reporting Entity

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

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

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

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.

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

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

Management believes the financial statements included in this report represent all of the funds of the Authority over which the Authority is financially accountable. The Authority does not have any component units.

Basis of Presentation

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

The Authority uses a single enterprise fund to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Enterprise fund reporting focuses on the determination of the change in net assets, financial position and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services.

CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Measurement Focus

The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the Authority are included on the statement of net assets. The statement of changes in net assets presents increases (i.e. revenues) and decreases (i.e. expenses) in net total assets. The statement of cash flows provides information about how the Authority finances and meets the cash flow needs of its enterprise activity.

Enterprise Fund

Funds are classified into three categories: governmental, proprietary and fiduciary. The Authority uses the proprietary fund to report on its financial position and the results of its operations for the Section 8 and Public Housing programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Description of Programs

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

Projects – Conventional Public Housing and Capital Fund Programs – 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 household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical (i.e. capital) and management improvements to the Authority's properties. Funds are provided by formula allocation and based on size and age of the units.

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual contributions Contract (ACC) with HUD. HUD provides Annual Contributions funding to enable the Authority to structure a lease that sets the participants' rent at 30% of household income.

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

Veterans Affairs Supportive Housing (VASH) – Under the VASH program, the Authority combines Housing Choice Voucher rental assistance for homeless Veterans with case management and clinical services provided by the Department of Veterans Affairs.

Capital Fund Formula Stimulus Grant – The Authority received funding through the American Recovery and Reinvestment Act as part of the Capital Fund Program. These funds were for physical improvements of the Authority's properties.

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

Central Office Cost Center (COCC) – The Authority owns and operates 383 dwelling rental units and established a COCC to account for non-project specific costs. These costs are funded from management fees, asset management fees, bookkeeping fees, and front-line service fees.

Accounting and Reporting Non-exchange Transactions

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

- **Derived tax revenues:** result from assessments imposed on exchange transactions (i.e., income taxes, sales taxes and other assessments on earnings or consumption).

CHILLCOTHE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accounting and Reporting Non-exchange Transactions - continued

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

PHA grants and subsidies will be defined as a government-mandated or voluntary non-exchange transaction.

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

- **Time requirements** specify (a) the period when resources are required to be used or when use may begin (for example, operating or capital grants for a specific period) or 9b) that the resources are required to be maintained intact in perpetuity or until a specified date or event has occurred (for example, permanent endowments, term endowments, and similar agreements). Time requirements affect the timing of recognition of non-exchange transactions.
- **Purpose restrictions** specify the purpose for which resources are required to be used (i.e., capital grants used for the purchase of capital assets). Purpose restrictions do not affect when a non-exchange transaction is recognized. However, PHAs that receive resources with purpose restrictions should report resulting net assets, equity, or fund balance as restricted.

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

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

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

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.

Investments

Investments are restricted by the provisions of the HUD regulations (See Note 2). Investments are valued at market value. At September 30, 2011, the Authority did not have any investments.

Tenant Receivables – net of allowance

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 doubtful accounts was \$28,500 at September 30, 2011.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond September 30, 2011, are recorded as prepaid expenses using the consumption method. A current asset for the amount is recorded at the time of the purchase and expense is reported in the year in which the services are consumed.

CHILLCOTHE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Inventory

The Authority's inventory is comprised of maintenance materials and supplies. Inventories are stated at the weighted-average cost and use the first-in, first-out (FIFO) method.

The consumption method is used to record inventory. Under this method, the acquisition of materials and supplies is recorded initially in inventory accounts and charged as expense when used.

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

Due From/To Other Programs

On the basic financial statements, inter-program receivables and payables listed on the FDS are eliminated.

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 liability.

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

Description	Balance 9/30/2010	Increases	Decreases	Balance 9/30/2011	Due Within One Year
Compensated Absences Payable	<u>\$ 74,398</u>	<u>\$ 19,917</u>	<u>\$ (48,588)</u>	<u>\$ 45,727</u>	<u>\$ 38,187</u>

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets – net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are recorded as restricted when there are limitations imposed on their use by the internal or external restrictions.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activities of the proprietary fund. For the Authority, these revenues are tenant revenues, operating grants from HUD and other miscellaneous revenue.

CHILlicothe METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Operating Revenues and Expenses - continued

Operating expenses are those expenses that are expended directly for the primary activities of the proprietary fund. For the Authority, these expenses are administrative, utilities, maintenance, payment in lieu of taxes, insurance, depreciation, bad debt, and housing assistance payments.

Budgetary Accounting

The Authority annually prepares its budget as prescribed by the Department of Housing and Urban Development. After this budget is submitted to HUD and approved by HUD, it is adopted by the Board of the Authority.

Estimates

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

2. DEPOSITS AND INVESTMENTS

Deposits

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

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

Inactive deposits are public deposits identified as not required for use within the current two-year period of designation of the 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 the Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by collateral held by the 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 September 30, 2011, the carrying amount of the Authority's deposits totaled \$1,403,755 and its bank balance was \$1,599,643. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of September 30, 2011, \$1,067,390 was exposed to custodial risk as discussed below, while \$532,253 was covered by the Federal Depository Insurance Corporation.

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

CHILlicoTHE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2011

2. DEPOSITS AND INVESTMENTS - CONTINUED

Investments

In accordance with the Ohio Revised Code and HUD investment policy, the Authority is permitted to invest in certificates of deposit, savings accounts, money market accounts, certain highly rated commercial paper, obligations of certain political subdivisions of Ohio and the United States government and its agencies, and repurchase agreements with any eligible depository or any eligible dealers. Public depositories must give security for all public funds on deposit. Repurchase agreements must be secured by the specific qualifying securities upon which the repurchase agreements are based.

The Authority is prohibited from investing in any financial instruments, contracts, or obligations whose value or return is based upon or linked to another asset or index, or both, separate from the financial instrument, contract, or obligation itself (commonly known as a derivative). The Authority is also prohibited from investing in reverse purchase agreements.

Interest Rate Risk – The Authority does not have a formal investment policy that limits investments as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – HUD requires specific collateral on individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation. The Authority’s depository agreement specifically requires compliance with HUD requirements.

Concentration of Credit Risk – The Authority places no limit on the amount that may be invested with any one issuer. However, it is the Authority’s practice to do business with more than one depository.

At September 30, 2011, the Authority did not have any investments.

3. CAPITAL ASSETS

The following is a summary of capital assets:

	Balance 09/30/2010	Net Additions	Disposals/ Corrections	Balance 09/30/2011
CAPITAL ASSETS, NOT BEING DEPRECIATED				
Land	\$ 1,301,488	\$ -	\$ -	\$ 1,301,488
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	1,301,488	-	-	1,301,488
CAPITAL ASSETS BEING DEPRECIATED				
Buildings	\$ 10,615,837	\$ -	\$ -	\$ 10,615,837
Furniture, machinery & equipment	517,853	-	-	517,853
Leasehold improvement	11,290,641	1,140,888	-	12,431,529
Totals at Historical Costs	22,424,331	1,140,888	-	23,565,219
LESS: ACCUMULATED DEPRECIATION				
Buildings	(7,267,938)	(287,265)	-	(7,555,203)
Furniture, machinery & equipments	(442,016)	(21,050)	-	(463,066)
Leasehold improvements	(7,809,080)	(383,029)	-	(8,192,109)
TOTAL ACCUMULATED DEPRECIATION	(15,519,034)	(691,344)	-	(16,210,378)
TOTAL CAPITAL ASSETS, NET, BEING DEPRECIATED	\$ 6,905,297	\$ 449,544	\$ -	\$ 7,354,841
TOTAL CAPITAL ASSETS, NET	\$ 8,206,785	\$ 449,544	\$ -	\$ 8,656,329

CHILLCOTHE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2011

4. DEFINED BENEFIT PENSION PLAN

All full-time employees of the Authority participate in Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. Ohio Public Employees Retirement System administers three separate pension plans as described below:

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

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. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to the OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2011 and 2010, member and employer contribution rates were consistent across all three plans. For 2011 and 2010 member contribution rates were 10 percent for members and 14 percent for employers of covered payroll. The Authority's contribution for the years ended September 30, 2011, 2010 and 2009 amounted to \$77,473, \$77,345 and \$75,285 respectively. At September 30, 2011, all required contributions have been paid.

5. POST-EMPLOYMENT BENEFITS

Ohio Public Employees Retirement System 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. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

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

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 2011 and 2010, the employer contributions allocated to the health care plan was 5.5% of covered payroll. The OPERS Retirement Board is also authorized to

CHILLCOTHE METROPOLITAN HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2011

establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries.

5. POST-EMPLOYMENT BENEFITS - CONTINUED

Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Authority contributions for the year ended September 30, 2011 and 2010, which were used to fund post-employment benefits, were \$30,436 and \$30,386, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of 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.

6. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending September 30, 2011 the Authority maintained 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.

7. CHANGES IN ACCOUNTING PRINCIPLES

For the fiscal year ended September 30, 2011, the Authority implemented GASB Statement No. 51, Accounting and Reporting for Intangible Assets, GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, GASB Statement No. 55, Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, GASB Statement No. 58, Accounting and Financial Reporting for Chapter 9 Bankruptcies.

The implementation of GASB Statements No. 51, No. 54, No. 55, and No. 58 did not affect the presentation of the financial statements of the Authority.

8. ECONOMIC DEPENDENCY

Both the Low Rent Public Housing Program and the Voucher Program are economically dependent on annual contributions and grants from HUD.

9. NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

10. RELATED PARTY ACTIVITY

An employee of the Authority has relatives that own HUD properties and receives Section 8 payments. Another employee has a relative living in one of the public housing units. Neither of these items is material to the operations of the Authority.

11. RESTRICTED NET ASSETS

For the fiscal year ended September 30, 2011, the Authority had \$483,345 restricted net assets available for the Housing Choice Voucher Program with \$251,325 in its HAP reserve account and \$232,020 for the VASH program.

12. FINANCIAL DATA SCHEDULE SUBMITTED TO HUD

For the fiscal year ended September 30, 2011, the Authority electronically submitted an unaudited version of the balance sheet, statement of revenues, expenses and changes in net assets and other data to HUD as required, on the GAAP basis. The schedules are presented in the manner prescribed by the Department of Housing and Urban Development.

**CHILICOTHE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2011**

13. SUBSEQUENT EVENTS

There were no subsequent events noted through March 16, 2012, the date the financial statements were available to be issued. Any subsequent events after that date have not been evaluated.

CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
BALANCE SHEET
FDS SCHEDULE SUBMITTED TO HUD
PROPRIETARY FUND TYPE
ENTERPRISE FUND
September 30, 2011

	Project Total	14.871 Housing Choice Vouchers	8 Other Federal Program 1	91 Other Federal Program 3	9 Other Federal Program 2	14.885 Formula Capital Fund Stimulus Grant	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$401,921	\$254,283					\$144,595	\$800,799		\$800,799
113 Cash - Other Restricted	\$18,808	\$303,840			\$232,020			\$554,668		\$554,668
114 Cash - Tenant Security Deposits	\$48,288							\$48,288		\$48,288
100 Total Cash	\$469,017	\$558,123	\$0	\$0	\$232,020	\$0	\$144,595	\$1,403,755	\$0	\$1,403,755
122 Accounts Receivable - HUD Other Projects	\$50,000		\$41,635	\$15,276				\$106,911		\$106,911
125 Accounts Receivable - Miscellaneous		\$1,430						\$1,430		\$1,430
126 Accounts Receivable - Tenants	\$66,749							\$66,749		\$66,749
126.1 Allowance for Doubtful Accounts -Tenants	-\$28,500							-\$28,500		-\$28,500
128 Fraud Recovery		\$2,935						\$2,935		\$2,935
128.1 Allowance for Doubtful Accounts - Fraud		-\$100						-\$100		-\$100
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$88,249	\$4,265	\$41,635	\$15,276	\$0	\$0	\$0	\$149,425	\$0	\$149,425
142 Prepaid Expenses and Other Assets	\$12,201						\$1,616	\$13,817		\$13,817
143 Inventories	\$41,676							\$41,676		\$41,676
144 Inter Program Due From							\$89,491	\$89,491	-\$89,491	\$0
150 Total Current Assets	\$611,143	\$562,388	\$41,635	\$15,276	\$232,020	\$0	\$235,702	\$1,698,164	-\$89,491	\$1,608,673
161 Land	\$871,233	\$162,144	\$226,067				\$42,044	\$1,301,488		\$1,301,488
162 Buildings	\$8,590,278		\$1,109,706				\$915,852	\$10,615,836		\$10,615,836
163 Furniture, Equipment & Machinery - Dwellings	\$155,695		\$8,707					\$164,402		\$164,402
164 Furniture, Equipment & Machinery - Administration	\$104,747	\$18,008					\$230,699	\$353,454		\$353,454
165 Leasehold Improvements	\$11,524,536		\$402,665				\$504,327	\$12,431,528		\$12,431,528
166 Accumulated Depreciation	-\$14,388,143	-\$18,008	-\$579,628				-\$1,224,600	-\$16,210,379		-\$16,210,379
160 Total Capital Assets, Net of Accumulated Depreciation	\$6,858,346	\$162,144	\$1,167,517	\$0	\$0	\$0	\$468,322	\$8,656,329	\$0	\$8,656,329
180 Total Non-Current Assets	\$6,858,346	\$162,144	\$1,167,517	\$0	\$0	\$0	\$468,322	\$8,656,329	\$0	\$8,656,329
190 Total Assets	\$7,469,489	\$724,532	\$1,209,152	\$15,276	\$232,020	\$0	\$704,024	\$10,354,493	-\$89,491	\$10,265,002
312 Accounts Payable <= 90 Days	\$60,303	\$364					\$20,992	\$81,659		\$81,659
321 Accrued Wage/Payroll Taxes Payable	\$6,800						\$12,227	\$19,027		\$19,027
322 Accrued Compensated Absences - Current Portion	\$16,803	\$7,442					\$13,942	\$38,187		\$38,187
333 Accounts Payable - Other Government	\$47,745							\$47,745		\$47,745
341 Tenant Security Deposits	\$48,288							\$48,288		\$48,288
347 Inter Program - Due To		\$32,580	\$41,635	\$15,276				\$89,491	-\$89,491	\$0
310 Total Current Liabilities	\$179,939	\$40,386	\$41,635	\$15,276	\$0	\$0	\$47,161	\$324,397	-\$89,491	\$234,906

See independent auditors' report

**CHILLCOTHE METROPOLITAN HOUSING AUTHORITY
BALANCE SHEET
FDS SCHEDULE SUBMITTED TO HUD
PROPRIETARY FUND TYPE
ENTERPRISE FUND
September 30, 2011**

	Project Total	14.871 Housing Choice Vouchers	8 Other Federal Program 1	91 Other Federal Program 3	9 Other Federal Program 2	14.885 Formula Capital Fund Stimulus Grant	COCC	Subtotal	ELIM	Total
353 Non-current Liabilities - Other	\$18,808	\$52,516						\$71,324		\$71,324
354 Accrued Compensated Absences - Non Current		\$7,540						\$7,540		\$7,540
350 Total Non-Current Liabilities	\$18,808	\$60,056	\$0	\$0	\$0	\$0	\$0	\$78,864	\$0	\$78,864
300 Total Liabilities	\$198,747	\$100,442	\$41,635	\$15,276	\$0	\$0	\$47,161	\$403,261	-\$89,491	\$313,770
508.1 Invested In Capital Assets, Net of Related Debt	\$6,858,346	\$162,144	\$1,167,517				\$468,322	\$8,656,329		\$8,656,329
511.1 Restricted Net Assets		\$251,325			\$232,020			\$483,345		\$483,345
512.1 Unrestricted Net Assets	\$412,396	\$210,621	\$0	\$0	\$0	\$0	\$188,541	\$811,558		\$811,558
513 Total Equity/Net Assets	\$7,270,742	\$624,090	\$1,167,517	\$0	\$232,020	\$0	\$656,863	\$9,951,232	\$0	\$9,951,232
600 Total Liabilities and Equity/Net Assets	\$7,469,489	\$724,532	\$1,209,152	\$15,276	\$232,020	\$0	\$704,024	\$10,354,493	-\$89,491	\$10,265,002

See independent auditors' report

CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
COMBINED – REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Year Ended September 30, 2011

	Project Total	14.871 Housing Choice Vouchers	8 Other Federal Program 1	91 Other Federal Program 3	9 Other Federal Program 2	14.885 Formula Capital Fund Stimulus Grant	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$619,266							\$619,266		\$619,266
70400 Tenant Revenue - Other	\$19,453							\$19,453		\$19,453
70500 Total Tenant Revenue	\$638,719	\$0	\$0	\$0	\$0	\$0	\$0	\$638,719	\$0	\$638,719
70600 HUD PHA Operating Grants	\$1,113,172	\$2,688,267		\$50,465	\$219,833	\$20,988		\$4,092,725		\$4,092,725
70610 Capital Grants	\$601,344					\$539,544		\$1,140,888		\$1,140,888
70710 Management Fee							\$246,699	\$246,699	-\$246,699	\$0
70720 Asset Management Fee							\$46,200	\$46,200	-\$46,200	\$0
70730 Book Keeping Fee							\$33,443	\$33,443	-\$33,443	\$0
70740 Front Line Service Fee							\$20,987	\$20,987	-\$20,987	\$0
70700 Total Fee Revenue							\$347,329	\$347,329	-\$347,329	\$0
71100 Investment Income - Unrestricted	\$23	\$1,220					\$737	\$1,980		\$1,980
71400 Fraud Recovery		\$3,390						\$3,390		\$3,390
71500 Other Revenue	\$12,551							\$12,551		\$12,551
70000 Total Revenue	\$2,365,809	\$2,692,877	\$0	\$50,465	\$219,833	\$560,532	\$348,066	\$6,237,582	-\$347,329	\$5,890,253
91100 Administrative Salaries	\$61,328	\$114,446				\$20,988	\$160,613	\$357,375	-\$20,987	\$336,388
91200 Auditing Fees	\$11,289	\$4,338					\$2,789	\$18,416		\$18,416
91300 Management Fee	\$200,967	\$45,732						\$246,699	-\$246,699	\$0
91310 Book-keeping Fee	\$33,443							\$33,443	-\$33,443	\$0
91400 Advertising and Marketing	\$185	\$249					\$155	\$589		\$589
91500 Employee Benefit contributions - Administrative	\$37,621	\$71,566					\$76,062	\$185,249		\$185,249
91600 Office Expenses	\$44,663	\$10,656					\$74,396	\$129,715		\$129,715
91700 Legal Expense	\$9,213	\$195					\$100	\$9,508		\$9,508
91800 Travel	\$6,272	\$3,963					\$1,740	\$11,975		\$11,975
91900 Other	-\$10,595	\$38,591					\$1,831	\$29,827		\$29,827
91000 Total Operating - Administrative	\$394,386	\$289,736	\$0	\$0	\$0	\$20,988	\$317,686	\$1,022,796	-\$301,129	\$721,667
92000 Asset Management Fee	\$46,200							\$46,200	-\$46,200	\$0
92100 Tenant Services - Salaries				\$25,858				\$25,858		\$25,858
92300 Employee Benefit Contributions - Tenant Services				\$24,607				\$24,607		\$24,607
92400 Tenant Services - Other	\$33,697							\$33,697		\$33,697
92500 Total Tenant Services	\$33,697	\$0	\$0	\$50,465	\$0	\$0	\$0	\$84,162	\$0	\$84,162
93100 Water	\$79,212						\$578	\$79,790		\$79,790
93200 Electricity	\$178,501						\$10,813	\$189,314		\$189,314
93300 Gas	\$14,289						\$2,815	\$17,104		\$17,104
93600 Sewer	\$82,017						\$442	\$82,459		\$82,459
93000 Total Utilities	\$354,019	\$0	\$0	\$0	\$0	\$0	\$14,648	\$368,667	\$0	\$368,667

See independent auditors' report

CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
COMBINED – REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Year Ended September 30, 2011

	Project Total	14.871 Housing Choice Vouchers	8 Other Federal Program 1	91 Other Federal Program 3	9 Other Federal Program 2	14.885 Formula Capital Fund Stimulus Grant	COCC	Subtotal	ELIM	Total
94100 Ordinary Maintenance and Operations - Labor	\$113,859							\$113,859		\$113,859
94200 Ordinary Maintenance and Operations - Materials and Other	\$109,797						\$667	\$110,464		\$110,464
94300 Ordinary Maintenance and Operations Contracts	\$413,032	\$46					\$25,747	\$438,825		\$438,825
94500 Employee Benefit Contributions - Ordinary Maintenance	\$93,763							\$93,763		\$93,763
94000 Total Maintenance	\$730,451	\$46	\$0	\$0	\$0	\$0	\$26,414	\$756,911	\$0	\$756,911
95200 Protective Services - Other Contract Costs	\$23,540							\$23,540		\$23,540
95300 Protective Services - Other	\$2,885							\$2,885		\$2,885
95000 Total Protective Services	\$26,425	\$0	\$0	\$0	\$0	\$0	\$0	\$26,425	\$0	\$26,425
96110 Property Insurance	\$69,064						\$3,680	\$72,744		\$72,744
96120 Liability Insurance	\$2,877							\$2,877		\$2,877
96130 Workmen's Compensation	\$6,759						\$7,714	\$14,473		\$14,473
96100 Total insurance Premiums	\$78,700	\$0	\$0	\$0	\$0	\$0	\$11,394	\$90,094	\$0	\$90,094
96210 Compensated Absences	\$17,162	\$7,251					\$24,175	\$48,588		\$48,588
96300 Payments in Lieu of Taxes	\$28,587							\$28,587		\$28,587
96400 Bad debt - Tenant Rents	\$26,854							\$26,854		\$26,854
96000 Total Other General Expenses	\$72,603	\$7,251	\$0	\$0	\$0	\$0	\$24,175	\$104,029	\$0	\$104,029
96900 Total Operating Expenses	\$1,736,481	\$297,033	\$0	\$50,465	\$0	\$20,988	\$394,317	\$2,499,284	-\$347,329	\$2,151,955
97000 Excess of Operating Revenue over Operating Expenses	\$629,328	\$2,395,844	\$0	\$0	\$219,833	\$539,544	-\$46,251	\$3,738,298	\$0	\$3,738,298
97200 Casualty Losses - Non-capitalized	\$15,291							\$15,291		\$15,291
97300 Housing Assistance Payments		\$2,331,078			\$199,904			\$2,530,982		\$2,530,982
97350 HAP Portability-In		\$12,632						\$12,632		\$12,632
97400 Depreciation Expense	\$611,573		\$54,588				\$25,182	\$691,343		\$691,343
90000 Total Expenses	\$2,363,345	\$2,640,743	\$54,588	\$50,465	\$199,904	\$20,988	\$419,499	\$5,749,532	-\$347,329	\$5,402,203
10091 Inter Project Excess Cash Transfer In	-\$100,000							-\$100,000		-\$100,000
10092 Inter Project Excess Cash Transfer Out	\$23,500							\$23,500		\$23,500
10093 Transfers between Program and Project - In	\$26,500						\$50,000	\$76,500		\$76,500
10094 Transfers between Project and Program - Out										
10100 Total Other financing Sources (Uses)	-\$50,000	\$0	\$0	\$0	\$0	\$0	\$50,000	\$0	\$0	\$0

See independent auditors' report

**CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
 COMBINED – REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 Year Ended September 30, 2011**

	Project Total	14.871 Housing Choice Vouchers	8 Other Federal Program 1	91 Other Federal Program 3	9 Other Federal Program 2	14.885 Formula Capital Fund Stimulus Grant	COCC	Subtotal	ELIM	Total
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$47,536	\$52,134	-\$54,588	\$0	\$19,929	\$539,544	-\$21,433	\$488,050	\$0	\$488,050
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$6,778,734	\$784,047	\$1,222,105	\$0	\$0	\$0	\$678,296	\$9,463,182		\$9,463,182
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$539,544	-\$212,091			\$212,091	-\$539,544		\$0		\$0
11170 Administrative Fee Equity		\$372,765						\$372,765		\$372,765
11180 Housing Assistance Payments Equity		\$251,325						\$251,325		\$251,325
11190 Unit Months Available	4644	5460			720			10824		10824
11210 Number of Unit Months Leased	4459	5437			556			10452		10452
11270 Excess Cash	\$204,415							\$204,415		\$204,415
11650 Leasehold Improvements Purchases	\$1,140,888						\$0	\$1,140,888		\$1,140,888

See independent auditors' report

CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
PROJECTS- NET ASSETS
September 30, 2011

	OH024000010	OH024009999	OH024000020	OH024000030	OH024000040	Total
111 Cash - Unrestricted	\$49,972		\$24,730	\$120,003	\$207,216	\$401,921
113 Cash - Other Restricted				\$16,577	\$2,231	\$18,808
114 Cash - Tenant Security Deposits	\$16,501		\$5,350	\$12,700	\$13,737	\$48,288
100 Total Cash	\$66,473	\$0	\$30,080	\$149,280	\$223,184	\$469,017
122 Accounts Receivable - HUD Other Projects	\$17,000		\$6,500	\$12,000	\$14,500	\$50,000
126 Accounts Receivable - Tenants	\$11,540		\$5,433	\$15,918	\$33,858	\$66,749
126.1 Allowance for Doubtful Accounts -Tenants	-\$3,500		-\$2,000	-\$8,000	-\$15,000	-\$28,500
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$25,040	\$0	\$9,933	\$19,918	\$33,358	\$88,249
142 Prepaid Expenses and Other Assets	\$2,129		\$820	\$5,400	\$3,852	\$12,201
143 Inventories	\$8,977		\$4,253	\$12,560	\$15,886	\$41,676
150 Total Current Assets	\$102,619	\$0	\$45,086	\$187,158	\$276,280	\$611,143
161 Land	\$138,006		\$58,000	\$358,253	\$316,974	\$871,233
162 Buildings	\$1,708,882		\$1,988,557	\$3,028,704	\$1,864,135	\$8,590,278
163 Furniture, Equipment & Machinery - Dwellings	\$72,228		\$27,406	\$53,015	\$3,046	\$155,695
164 Furniture, Equipment & Machinery - Administration	\$53,485		\$9,943	\$15,685	\$25,634	\$104,747
165 Leasehold Improvements	\$3,571,823		\$556,772	\$3,052,836	\$4,343,105	\$11,524,536
166 Accumulated Depreciation	-\$4,195,417		-\$1,884,969	-\$3,448,484	-\$4,859,273	-\$14,388,143
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,349,007	\$0	\$755,709	\$3,060,009	\$1,693,621	\$6,858,346
180 Total Non-Current Assets	\$1,349,007	\$0	\$755,709	\$3,060,009	\$1,693,621	\$6,858,346
190 Total Assets	\$1,451,626	\$0	\$800,795	\$3,247,167	\$1,969,901	\$7,469,489

See independent auditors' report

**CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
PROJECTS –NET ASSETS
September 30, 2011**

	OH024000010	OH024009999	OH024000020	OH024000030	OH024000040	Total
312 Accounts Payable <= 90 Days	\$19,354		\$10,270	\$16,530	\$14,149	\$60,303
321 Accrued Wage/Payroll Taxes Payable	\$1,792		\$1,143	\$1,259	\$2,606	\$6,800
322 Accrued Compensated Absences - Current Portion	\$7,517		\$1,267	\$5,199	\$2,820	\$16,803
333 Accounts Payable - Other Government	\$31,587		\$12,154	\$1,035	\$2,969	\$47,745
341 Tenant Security Deposits	\$16,501		\$5,350	\$12,700	\$13,737	\$48,288
310 Total Current Liabilities	\$76,751	\$0	\$30,184	\$36,723	\$36,281	\$179,939
353 Non-current Liabilities - Other				\$16,577	\$2,231	\$18,808
350 Total Non-Current Liabilities	\$0	\$0	\$0	\$16,577	\$2,231	\$18,808
300 Total Liabilities	\$76,751	\$0	\$30,184	\$53,300	\$38,512	\$198,747
508.1 Invested In Capital Assets, Net of Related Debt	\$1,349,007		\$755,709	\$3,060,009	\$1,693,621	\$6,858,346
512.1 Unrestricted Net Assets	\$25,868	\$0	\$14,902	\$133,858	\$237,768	\$412,396
513 Total Equity/Net Assets	\$1,374,875	\$0	\$770,611	\$3,193,867	\$1,931,389	\$7,270,742
600 Total Liabilities and Equity/Net Assets	\$1,451,626	\$0	\$800,795	\$3,247,167	\$1,969,901	\$7,469,489

See independent auditors' report

CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
PROJECTS – REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Year Ended September 30, 2011

	OH024000010	OH024009999	OH024000020	OH024000030	OH024000040	Total
70300 Net Tenant Rental Revenue	\$320,691		\$129,229	\$92,594	\$76,752	\$619,266
70400 Tenant Revenue - Other	\$7,585		\$2,868		\$9,000	\$19,453
70500 Total Tenant Revenue	\$328,276	\$0	\$132,097	\$92,594	\$85,752	\$638,719
70600 HUD PHA Operating Grants	\$221,499		\$114,357	\$326,633	\$450,683	\$1,113,172
70610 Capital Grants	\$135,215		\$64,001	\$139,923	\$262,205	\$601,344
71100 Investment Income - Unrestricted	\$8		\$3	\$6	\$6	\$23
71500 Other Revenue	\$1,288		\$985	\$4,176	\$6,102	\$12,551
70000 Total Revenue	\$686,286	\$0	\$311,443	\$563,332	\$804,748	\$2,365,809
91100 Administrative Salaries	\$17,009		\$9,620	\$13,286	\$21,413	\$61,328
91200 Auditing Fees	\$3,838		\$1,468	\$2,709	\$3,274	\$11,289
91300 Management Fee	\$68,687		\$26,186	\$49,261	\$56,833	\$200,967
91310 Book-keeping Fee	\$11,430		\$4,357	\$8,198	\$9,458	\$33,443
91400 Advertising and Marketing	\$63		\$24	\$44	\$54	\$185
91500 Employee Benefit contributions - Administrative	\$10,275		\$6,167	\$7,459	\$13,720	\$37,621
91600 Office Expenses	\$13,645		\$9,073	\$9,230	\$12,715	\$44,663
91700 Legal Expense	\$2,315		\$389	\$2,637	\$3,872	\$9,213
91800 Travel	\$2,035		\$1,145	\$1,758	\$1,334	\$6,272
91900 Other	\$1,270		\$326	-\$12,919	\$728	-\$10,595
91000 Total Operating - Administrative	\$130,567	\$0	\$58,755	\$81,663	\$123,401	\$394,386
92000 Asset Management Fee	\$15,600		\$5,880	\$11,400	\$13,320	\$46,200
92400 Tenant Services - Other	\$12,133		\$4,081	\$7,696	\$9,787	\$33,697
92500 Total Tenant Services	\$12,133	\$0	\$4,081	\$7,696	\$9,787	\$33,697
93100 Water	\$24,505		\$10,710	\$29,435	\$14,562	\$79,212
93200 Electricity	\$110,901		\$47,035	\$7,421	\$13,144	\$178,501
93600 Sewer	\$25,098		\$9,234	\$35,831	\$11,854	\$82,017
93000 Total Utilities	\$160,504	\$0	\$71,702	\$75,824	\$45,989	\$354,019
94100 Ordinary Maintenance and Operations - Labor	\$37,010		\$15,892	\$25,586	\$35,371	\$113,859
94200 Ordinary Maintenance and Operations - Materials and Other	\$38,831		\$10,064	\$29,960	\$30,942	\$109,797
94300 Ordinary Maintenance and Operations Contracts	\$145,991		\$49,530	\$120,859	\$96,652	\$413,032
94500 Employee Benefit Contributions - Ordinary Maintenance	\$24,161		\$16,181	\$17,507	\$35,914	\$93,763
94000 Total Maintenance	\$245,993	\$0	\$91,667	\$193,912	\$198,879	\$730,451

See independent auditors' report

CHILLCOTHE METROPOLITAN HOUSING AUTHORITY
PROJECTS – REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Year Ended September 30, 2011

	OH024000010	OH024009999	OH024000020	OH024000030	OH024000040	Total
95200 Protective Services - Other Contract Costs	\$5,005		\$4,465		\$14,070	\$23,540
95300 Protective Services - Other				\$2,885		\$2,885
95000 Total Protective Services	\$5,005	\$0	\$4,465	\$2,885	\$14,070	\$26,425
96110 Property Insurance	\$13,382		\$5,160	\$28,911	\$21,611	\$69,064
96120 Liability Insurance	\$558		\$215	\$1,204	\$900	\$2,877
96130 Workmen's Compensation	\$2,037		\$1,009	\$1,447	\$2,266	\$6,759
96100 Total insurance Premiums	\$15,977	\$0	\$6,384	\$31,562	\$24,777	\$78,700
96210 Compensated Absences	\$4,616		\$2,853	\$3,342	\$6,351	\$17,162
96300 Payments in Lieu of Taxes	\$14,831		\$5,963	\$4,824	\$2,969	\$28,587
96400 Bad debt - Tenant Rents	\$2,649		\$3,219	\$10,518	\$10,468	\$26,854
96000 Total Other General Expenses	\$22,096	\$0	\$12,035	\$18,684	\$19,788	\$72,603
96900 Total Operating Expenses	\$607,875	\$0	\$254,969	\$423,626	\$450,011	\$1,736,481
97000 Excess of Operating Revenue over Operating Expenses	\$78,411	\$0	\$56,474	\$139,706	\$354,737	\$629,328
97200 Casualty Losses - Non-capitalized	\$632			\$4,423	\$10,236	\$15,291
97400 Depreciation Expense	\$145,551		\$76,185	\$226,763	\$163,074	\$611,573
90000 Total Expenses	\$754,058	\$0	\$331,154	\$654,812	\$623,321	\$2,363,345
10091 Inter Project Excess Cash Transfer In	-\$34,000		-\$13,000	-\$24,000	-\$29,000	-\$100,000
10092 Inter Project Excess Cash Transfer Out	\$17,000		\$6,500			\$23,500
10093 Transfers between Program and Project - In				\$12,000	\$14,500	\$26,500
10094 Transfers between Project and Program - Out						
10100 Total Other financing Sources (Uses)	-\$17,000	\$0	-\$6,500	-\$12,000	-\$14,500	-\$50,000
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	-\$84,772	\$0	-\$26,211	-\$103,480	\$166,927	-\$47,536
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$1,434,300	\$0	\$759,581	\$3,058,065	\$1,526,788	\$6,778,734
11040 Prior Period Adjustments, Equity Transfers and Correction of	\$25,347		\$37,241	\$239,282	\$237,674	\$539,544
11190 Unit Months Available	1560	0	600	1140	1344	4644
11210 Number of Unit Months Leased	1524	0	581	1093	1261	4459
11270 Excess Cash	-\$49,715	\$0	-\$10,239	\$81,723	\$182,646	\$204,415
11650 Leasehold Improvements Purchases	\$160,563	\$0	\$101,242	\$379,205	\$499,878	\$1,140,888

See independent auditors' report

**CHILICOTHE METROPOLITAN HOUSING AUTHORITY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended September 30, 2011**

FEDERAL GRANTOR	FEDERAL CFDA NUMBER	FUNDS EXPENDED
	<hr/>	<hr/>
<u>U.S. Department of Housing and Urban Development</u>		
<u>Direct Programs</u>		
Low Rent Public Housing	14.850	\$ 1,003,558
Resident Opportunity and Supportive Services	14.870	50,465
Housing Choice Vouchers	14.871	2,688,267
Veterans Affairs Supportive Housing	14.VSH	219,833
Public Housing Capital Fund Program (Cluster)		
Public Housing Capital Fund	14.872	710,958
Public Housing Capital Fund Stimulus (Formula) Grant	14.885	560,532
		<hr/>
Public Housing Capital Fund Program Cluster		1,271,490
		<hr/>
Total Expenditures of Federal Awards		\$ 5,233,613
		<hr/> <hr/>

See independent auditors' report



125 West Mulberry Street
Lancaster, Ohio 43130

www.JCCcpa.com

740.653.9581 tel

614.837.2921 tel

740.653.0983 fax

Dean A. Cochenour, MBA, CPA
Jeanette R. Addington, MBA, CPA, CGFM
Brian D. Long, CPA
Keith A. Lewis, CPA

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

Board of Directors
Chillicothe Metropolitan Housing Authority
Chillicothe, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited the financial statements of the business-type activities for Chillicothe Metropolitan Housing Authority as of and for the year ended September 30, 2011 and have issued our report thereon dated March 16, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Chillicothe Metropolitan Housing Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Chillicothe Metropolitan Housing Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Chillicothe Metropolitan Housing 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, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

much more than an accounting firm

We noted certain other matters we reported to management in a separate letter dated March 16, 2012.

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

A handwritten signature in cursive script that reads "Jones, Cochenour & Co.".

Jones, Cochenour & Co.
March 16, 2012



125 West Mulberry Street
Lancaster, Ohio 43130

www.JCCcpa.com

740.653.9581 tel

614.837.2921 tel

740.653.0983 fax

Dean A. Cochenour, MBA, CPA
Jeanette R. Addington, MBA, CPA, CGFM
Brian D. Long, CPA
Keith A. Lewis, CPA

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors
Chillicothe Metropolitan Housing Authority
Chillicothe, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Compliance

We have audited Chillicothe Metropolitan Housing Authority's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* could have a direct and material effect on each Chillicothe Metropolitan Housing Authority's major federal programs for the year ended September 30, 2011. Chillicothe Metropolitan Housing Authority's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Chillicothe Metropolitan Housing Authority's management. Our responsibility is to express an opinion on Chillicothe Metropolitan Housing Authority's compliance based on our audit.

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

In our opinion, Chillicothe Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended September 30, 2011.

Internal Control Over Compliance

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

much more than an accounting firm

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a significant deficiency, as defined above.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. 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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item FINDING #0426-2011-1.

Chillicothe Metropolitan Housing Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Chillicothe Metropolitan Housing Authority's responses and, accordingly, we express no opinion on the responses.

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



Jones, Cochenour & Co.
March 16, 2012

CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
Summary of Auditors' Results and Schedule of Findings and Questioned Costs
OMB Circular A-133 § .505
September 30, 2011

1. SUMMARY OF AUDITORS' RESULTS

Type of Financial Statement Opinion	Unqualified
Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
Were there any material internal control weaknesses reported for major federal programs?	No
Were there any significant deficiencies in internal control reported for major federal programs?	Yes
Type of Major Programs' Compliance Opinion	Unqualified
Are there any reportable findings under § .510(a)?	No
Major Programs:	CFDA #14.871 Section 8 Housing Choice Vouchers
Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: all others
Low Risk Auditee?	No

CHILICOTH METROPOLITAN HOUSING AUTHORITY
Summary of Auditors' Results and Schedule of Findings and Questioned Costs
OMB Circular A-133 § .505 - Continued
September 30, 2011

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

There were no findings for the year ended September 30, 2011.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
--

FINDING #0426-2011-1 - REPORTING

Criteria: Pursuant to 24 CFR, Public Housing Authorities are required to submit an unaudited Financial Data Schedule (FDS) to REAC within 60 days of their year end.

Condition: The Authority did not file their unaudited FDS in a timely manner.

Effect: The Authority was not in compliance with the Department of Housing and Urban Development's reporting requirements.

Cause: The Authority did not apply for an extension of time to file the FDS. The deadline was November 30, 2011 and the submission was made February 14, 2012.

Recommendation: The Authority should comply with HUD's requirements for reporting.

Views of the responsible officials and planned corrective actions: The Fiscal Director and the Fee Accountant are responsible for submission of the FDS. Due to medical reasons of the Fiscal Director, the Fee Accountant did not receive the necessary reports in a timely manner to complete the submission.

The Fee Accountant has informed us she is retiring. Our strategy for 2012 is to contract with a new Fee Accountant who will be aggressive with accountability and productivity of staff and departments.

**CHILICOTHE METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
September 30, 2011**

STATUS OF PRIOR AUDIT FINDINGS

There were no findings in the prior year audit for the year ended September 30, 2010.

This page intentionally left blank.



Dave Yost • Auditor of State

CHILlicothe METROPOLITAN HOUSING AUTHORITY

ROSS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MAY 29, 2012