



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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GALLIA METROPOLITAN HOUSING AUTHORITY
GALLIA COUNTY

SINGLE AUDIT

For the Year Ended December 31, 2011
Fiscal Year Audited Under GAGAS: 2011

Gallia Metropolitan Housing Authority
Table of Contents
For the Year Ended December 31, 2011

| <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 - 19 |
| Schedule of Federal Awards Expenditures..... | 20 |
| Notes to the Schedule of Federal Awards Expenditures | 21 |
| Supplemental Financial Data: | |
| Statement of Net Assets by Program..... | 22 |
| Statement of Revenues, Expenses and Changes in Net Assets by Program..... | 23 |
| Statement of Cash Flows by Program..... | 24 |
| Summary of Activity..... | 25 |
| Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> | 26 - 27 |
| Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133 | 28 - 29 |
| Schedule of Findings – OMB Circular A-133 Section .505 | 30 |



Independent Auditor's Report

Gallia Metropolitan Housing Authority
Gallia County
381 Buck Ridge Road
Bidwell, Ohio 45614

To the Board of Commissioners:

We have audited the accompanying basic financial statements of the Gallia Metropolitan Housing Authority, Gallia County, (the Authority) as of and for the year ended December 31, 2011, 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.

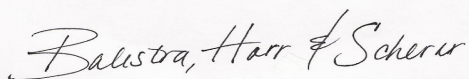
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform 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 Gallia Metropolitan Housing Authority, Gallia County, Ohio, as of December 31, 2011, and the changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2012 on our consideration of the Authority's internal control over financial reporting and 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.

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.
June 25, 2012

Gallia Metropolitan Housing Authority
Bidwell, Ohio
Year Ended December 31, 2011

**Management's Discussion and Analysis
(Unaudited)**

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

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

Financial Highlights

The Authority's net assets decreased by \$893,794 during 2011. Net assets reported by the Authority were \$5,888,888 and \$6,782,682 as of December 31, 2011 and 2010, respectively.

Revenue decreased by \$433,305 from \$1,747,942 for the year ended December 31, 2010 to \$1,314,637 for the year ended December 31, 2011.

The total expenses increased by \$638,019, from \$1,570,412 for the year ended December 31, 2010 to \$2,208,431 for the year ended December 31, 2011.

Using This Annual Report

The Report includes the following sections:

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

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

Gallia Metropolitan Housing Authority
Bidwell, Ohio
Year Ended December 31, 2011
(Unaudited)

Basic Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

Gallia Metropolitan Housing Authority
 Bidwell, Ohio
 Year Ended December 31, 2011
(Unaudited)

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

Basic Financial Statements

TABLE 1
 Statement of Net Assets

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

| | 2011 | 2010 |
|---|--------------------|--------------------|
| Current and Other Assets | \$ 614,547 | \$1,173,844 |
| Capital Assets, Net | 5,582,898 | 5,874,751 |
| Total Assets | 6,197,445 | 7,048,595 |
| Other Liabilities | 92,090 | 65,234 |
| Long-Term Liabilities | 216,467 | 200,679 |
| Total Liabilities | 308,557 | 265,913 |
| Net Assets: | | |
| Invested in Capital Assets, Net of Related Debt | 5,582,898 | 5,874,751 |
| Restricted | 369,351 | 0 |
| Unrestricted | (63,361) | 907,931 |
| Total Net Assets | \$5,888,888 | \$6,782,682 |

Major Factors Affecting the Statement of Net Assets

Capital assets decreased due depreciation expense as discussed further in Table 4. Current assets and net assets decreased due to renovations the Authority performed to the apartments.

Gallia Metropolitan Housing Authority
 Bidwell, Ohio
 Year Ended December 31, 2011
(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 years.

| | 2011 | 2010 |
|----------------------------------|-------------|-------------|
| Revenues | | |
| Tenant Revenue-Rents and Other | \$104,802 | \$138,402 |
| Operating Subsidies and Grants | 1,181,621 | 1,136,594 |
| Capital Grants | 0 | 467,658 |
| Investment Income/Other Revenues | 28,214 | 5,288 |
| Total Revenues | 1,314,637 | 1,747,942 |
| Expenses | | |
| Administration | 442,278 | 399,616 |
| Tenant Service | 651 | 860 |
| Utilities | 144,719 | 139,241 |
| Maintenance | 256,367 | 195,087 |
| Protective Services | 0 | 0 |
| General | 44,336 | 64,746 |
| Housing Assistance Payment | 557,590 | 503,161 |
| Extraordinary Maintenance | 513,962 | 0 |
| Depreciation | 248,528 | 267,701 |
| Total Expenses | 2,208,431 | 1,570,412 |
| Change in Net Assets | (893,794) | 177,530 |
| Net Assets, Beginning of Year | 6,782,682 | 6,605,152 |
| Net Assets, End of Year | \$5,888,888 | \$6,782,682 |

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

Total income decreased due to lower tenant revenue and no capital grants. Total expenses increased due to extraordinary maintenance during the year.

Gallia Metropolitan Housing Authority
 Bidwell, Ohio
 Year Ended December 31, 2011
(Unaudited)

Capital Assets

As of year end the Authority had \$5,582,898 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (additions, deductions, and depreciations) of \$291,853 from the end of last year.

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

| | 2011 | 2010 |
|--|--------------------|--------------------|
| Land | \$869,069 | \$879,069 |
| Construction in Progress | 1,084,679 | 1,084,679 |
| Buildings | 2,419,415 | 2,614,570 |
| Building & Site Improvements | 1,193,943 | 1,275,304 |
| Vehicles | 13,843 | 17,304 |
| Furniture and Equipment-Dwellings | 321 | 1,375 |
| Furniture and Equipment-Administration | 1,628 | 2,452 |
| Total | \$5,582,898 | \$5,874,753 |

The following reconciliation summarizes the change in Capital Assets

TABLE 4
 Change in Capital Assets

| | |
|-------------------|--------------------|
| Beginning Balance | \$5,874,751 |
| Additions | 500 |
| Deletion | (43,825) |
| Depreciation | (248,528) |
| Ending Balance | \$5,582,898 |

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

Debt Administration

As of December 31, 2011 the Authority had no debt outstanding.

Gallia Metropolitan Housing Authority
Bidwell, Ohio
Year Ended December 31, 2011
(Unaudited)

Economic Factors

Significant economic factors affecting the Authority are as follows:

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

Financial Contact

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

GALLIA METROPOLITAN HOUSING AUTHORITY
 BIDWELL, OHIO
 STATEMENT OF NET ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2011

| | ENTERPRISE FUND |
|---|--------------------|
| ASSETS | |
| Current Assets | |
| Cash - Unrestricted | \$ 202,502 |
| Cash - Restricted | 349,620 |
| Cash - Tenant Security Deposits | 19,731 |
| Accounts Receivable: | |
| Fraud Recovery | 2,931 |
| Tenants - Dwelling Rents | 1,892 |
| Inventories | 29,644 |
| Prepaid Expense | 8,227 |
| | 614,547 |
| Total Current Assets | |
| Noncurrent Assets: | |
| Capital Assets: | |
| Non-depreciable Capital Assets | 1,953,748 |
| Depreciable Capital Assets | 3,629,150 |
| | 5,582,898 |
| Total Noncurrent Assets | |
| Total Assets | \$ 6,197,445 |
| | |
| Liabilities | |
| Current Liabilities: | |
| Accrued Wages/Payroll Taxes Payable | \$ 15,394 |
| Accounts Payable: | |
| <= 90 Days Past Due | 46,158 |
| Compensated Absences | 13,087 |
| Tenant Security Deposits | 17,451 |
| | 92,090 |
| Total Current Liabilities | |
| Noncurrent Liabilities: | |
| Accounts Payable >=90 Days Past Due | 2,804 |
| Noncurrent Liabilities - Other | 156,125 |
| Compensated Absences | 57,538 |
| | 216,467 |
| Total Noncurrent Liabilities | |
| Total Liabilities | 308,557 |
| | |
| Net Assets | |
| Invested in Capital Assets, Net of Related Debt | 5,582,898 |
| Restricted | 369,351 |
| Unrestricted | (63,361) |
| | 5,888,888 |
| Total Net Assets | |
| Total Liabilities and Net Assets | \$ 6,197,445 |

The notes to the financial statements are an integral part of this statement

GALLIA METROPOLITAN HOUSING AUTHORITY
 BIDWELL, OHIO
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2011

| | ENTERPRISE FUND |
|--|--------------------|
| Revenues | |
| Tenant Revenues: | |
| Net Tenant Rental Revenue | \$ 104,802 |
| Total Tenant Revenue | 104,802 |
| HUD PHA Grants/Operating Grants | 1,181,621 |
| Other Revenue | 12,517 |
| Total Revenue | 1,298,940 |
| Expenses | |
| Administrative: | |
| Administrative Salaries | 250,483 |
| Auditing Fees | 8,123 |
| Employee Benefit Contributions | 122,408 |
| Other Operating | 61,264 |
| Total Administrative | 442,278 |
| Tenant Services: | |
| Other | 651 |
| Total Tenant Services | 651 |
| Utilities: | |
| Water | 117,536 |
| Electric | 23,879 |
| Gas | 3,304 |
| Total Utilities | 144,719 |
| Ordinary Maintenance & Operation | |
| Labor | 85,863 |
| Materials and other | 81,267 |
| Contract Costs | 45,153 |
| Protective Services-Other Contract Costs | 1,028 |
| Employee Benefit Contributions | 43,056 |
| Total Ordinary Maintenance Operation | 256,367 |
| General Expenses: | |
| Insurance Premiums | 44,336 |
| Total General Expenses | 44,336 |
| Other Expenses: | |
| Housing Assistance Payments | 557,590 |
| Extraordinary Maintenance | 467,197 |
| Casualty Loss Noncapitalized | 46,765 |
| Depreciation Expense | 248,528 |
| Total Other Expense | 1,320,080 |
| Total Operating Expenses | 2,208,431 |
| Operating Income/(Loss) | (909,491) |
| Nonoperating Revenues: | |
| Gain on Sale of House | 15,175 |
| Investment Income-Restricted | 522 |
| Total Nonoperating Revenues | 15,697 |
| Change in Net Assets | (893,794) |
| Net Assets Beginning of Year | 6,782,682 |
| Total Net Assets at End of Year | \$ 5,888,888 |

The notes to the financial statements are an integral part of this statement

GALLIA METROPOLITAN HOUSING AUTHORITY
 BIDWELL, OHIO
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31, 2011

| | ENTERPRISE FUND |
|--|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Receipts from Tenants | \$ 104,802 |
| Receipts from operating grants | 1,187,502 |
| Other operating receipts | 6,636 |
| Housing assistance payments | (557,590) |
| Payment for general and administrative expenses | (1,364,150) |
| Net Cash Provided By/(Used For) Operating Activities | (622,800) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | |
| Interest | 522 |
| Net Cash Provided By Investing Activities | 522 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | |
| Proceeds for Sale of Asset | 59,000 |
| Acquisition of Capital Assets | (500) |
| Net Cash Provided By Capital Financing Activities | 58,500 |
| Net Increase/(Decrease) In Cash and Cash Equivalents | (563,778) |
| Cash At The Beginning Of Year | 1,135,631 |
| Cash At End Of Year | \$ 571,853 |
| RECONCILIATION OF OPERATING INCOME/(LOSS) TO CASH PROVIDED BY/(USED FOR) OPERATING ACTIVITIES | |
| Net Operating Income/(Loss) | \$ (909,491) |
| Adjustments to Reconcile Net Income/(Loss) to Net Cash Provided by Operating Activities: | |
| Depreciation | 248,528 |
| Changes in Operating Assets and Liabilities that Increase/(Decrease) | |
| Cash Flows: | |
| (Increase) Decrease In: | |
| Accounts Receivable - dwelling rent | (1,463) |
| Prepaid Expenses | (1,129) |
| Inventory | (1,889) |
| Interprogram - due from | (674) |
| Increase (Decrease) In: | |
| Accounts Payable | 19,527 |
| Security Deposits | 628 |
| Accrued Wages and Taxes | 3,100 |
| Accrued Compensated Absences | 19,389 |
| Interprogram - due to | 674 |
| Total Adjustments | 38,163 |
| Net Cash Provided By Operating Activities | \$ (622,800) |

The notes to the financial statements are an integral part of this statement

GALLIA METROPOLITAN HOUSING AUTHORITY
BIDWELL, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

Description of Programs

Conventional Public Housing Program

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

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

Capital Fund Program

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

Housing Choice Voucher Program

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

GALLIA METROPOLITAN HOUSING AUTHORITY
BIDWELL, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

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

Use of Estimates

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

Cash and Cash Equivalents

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

Tenant Receivables-Recognition of Bad Debts

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

Interprogram Due To/Due From

At year-end, the Section 8 Voucher program has interprogram balances due to the Public Housing program in the amount of \$158,974. These interprogram balances are eliminated on the statement of net assets.

Capital Assets

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

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

Depreciation is recorded on the straight-line method.

GALLIA METROPOLITAN HOUSING AUTHORITY
BIDWELL, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capitalization of Interest

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

Investments

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

Net Assets

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

Operating Revenues and Expenses

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

NOTE 2-CASH AND INVESTMENTS

Cash

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

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

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

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

GALLIA METROPOLITAN HOUSING AUTHORITY
BIDWELL, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 2-CASH AND INVESTMENTS (Continued)

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

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

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

At December 31, 2011, the carrying amount of all Authority deposits was \$571,583. As of December 31, 2011, \$250,000 of the Authority's bank balance of \$594,926 was covered by Federal Deposit Insurance, and the remaining \$344,926 was covered by pooled securities held by the pledging financial institution's trust department.

The book balances at December 31, 2011, were as follows:

| | <u>Cash</u> | <u>Total</u> |
|----------------------------|-------------|--------------|
| Low Rent Public Housing | \$ 482,127 | \$ 482,127 |
| Section 8 Housing Vouchers | 89,726 | 89,726 |
| Total | \$ 571,853 | \$ 571,853 |

GALLIA METROPOLITAN HOUSING AUTHORITY
BIDWELL, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 3-CAPITAL ASSETS

A summary of property and equipment at December 31, 2011, by class is as follows:

| | <u>Balance</u> <u>12/31/10</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>12/31/11</u> |
|--|-----------------------------------|---------------------------|--------------------------|-----------------------------------|
| Capital Assets Not Being Depreciated: | | | | |
| Land and Land Rights | \$879,069 | \$0 | \$(10,000) | \$869,069 |
| Construction In Progress | <u>1,084,679</u> | <u>0</u> | <u>0</u> | <u>1,084,679</u> |
| Total Capital Assets Not Being Depreciated | 1,963,748 | | (10,000) | 1,953,748 |
| Capital Assets Being Depreciated: | | | | |
| Buildings | 6,494,246 | 0 | (41,000) | 6,453,246 |
| Buildings and Site Improvements | 4,966,502 | 500 | 0 | 4,967,002 |
| Vehicles | 108,657 | 0 | 0 | 108,657 |
| Furniture and Equipment-Dwelling | 107,553 | 0 | 0 | 107,553 |
| Furniture and Equipment-Administration | <u>198,173</u> | <u>0</u> | <u>0</u> | <u>198,173</u> |
| Total Capital Assets Being Depreciated | <u>11,875,131</u> | <u>500</u> | <u>(41,000)</u> | <u>11,834,631</u> |
| Total Capital Assets | <u>13,838,879</u> | <u>500</u> | <u>(51,000)</u> | <u>13,788,379</u> |
| Accumulated Depreciation: | | | | |
| Buildings | (3,879,676) | (161,330) | 7,175 | (4,033,831) |
| Building and Site Improvements | (3,691,198) | (81,861) | 0 | (3,773,059) |
| Vehicles | (91,353) | (3,461) | 0 | (94,814) |
| Furniture and Equipment-Dwelling | (106,179) | (1,053) | 0 | (107,232) |
| Furniture and Equipment-Administration | <u>(195,722)</u> | <u>(823)</u> | <u>0</u> | <u>(196,545)</u> |
| Total Accumulated Depreciation | (7,964,128) | (248,528) | 7,175 | (8,205,481) |
| Net Capital Assets Being Depreciated | <u>3,911,003</u> | <u>(248,028)</u> | <u>(33,825)</u> | <u>3,629,150</u> |
| Net Capital Assets | <u>\$5,874,751</u> | <u>\$(248,028)</u> | <u>\$(43,825)</u> | <u>\$5,582,898</u> |

NOTE 4-ADMINISTRATIVE

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

GALLIA METROPOLITAN HOUSING AUTHORITY
BIDWELL, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 5-DEFINED PENSION PLANS AND POSTRETIREMENT BENEFIT

RETIREMENT SYSTEM PENSION PLAN

All Gallia Metropolitan Housing Authority's full time employees participate in the Public Employees Retirement System of Ohio ("PERS"), a cost-sharing multiple-employer defined benefit pension plan. Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:

1. The Traditional Plan - a cost sharing, multiple-employer defined benefit pension plan.
2. 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.
3. The Combined Plan - a cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, employer contributions are invested by OPERS 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 provides retirement and disability benefits, 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 by state statute per Chapter 145 of the Ohio Revised Code. The Public Employees Retirement System issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, making a written request to OPERS, 277 East Town Street, Columbus, Ohio 42315-4562 or by calling (614) 222-6701 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2011, member and employer contribution rates were consistent across all three plans. Separate divisions for law enforcement and public safety exist only within the Traditional Pension Plan. The employee contribution rates effective for 2011 were 10% of their salary. The 2011 employer contribution rate relating to employees was 14% of covered payroll. Required employer contributions are equal to 100% of the dollar amount billed to each employer and must be extracted from the employer's records. As of September 30, 2011, the Authority had no outstanding amounts owed to PERS. The Authority's contribution to PERS for the years ending December 31, 2011, 2010 and 2009 were \$43,865, \$40,590 and \$45,221 respectively which are equal to the required contributions for each year.

GALLIA METROPOLITAN HOUSING AUTHORITY
BIDWELL, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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

PUBLIC EMPLOYEES RETIREMENT SYSTEM

A. Plan Description

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

OPERS maintains a cost-sharing multiple employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursements, to qualifying members for 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 retirement 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 is considered to be 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 visiting <https://www.opers.org/investments/cafr.shtml>, writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

B. Funding Policy

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, state and local employers contributed at a rate of 14.00% of covered payroll and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% during calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2011. The portion of employer contributions allocated to health care for the calendar year beginning January 1, 2012 remained the same, but they are subject to change based on Board action. Employers will be notified if the portion allocated to health care changes during calendar year 2012. The OPERS Board of Trustees is also authorized to establish rules for the retiree, or their surviving beneficiaries, to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

GALLIA METROPOLITAN HOUSING AUTHORITY
BIDWELL, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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

C. Information for employer's records

The rates stated in Section B, above, are the contractually required contribution rates for OPERS. As part of this disclosure, it will be necessary for the employer to disclose the employer contributions actually made to fund post-employment benefits. The portion of your employer contributions that were used to fund post-employment benefits can be approximated by multiplying actual employer contributions for calendar year 2011 by 0.2857 for state and local employers, and 0.2210 for law enforcement and public safety employers. The employer contributions that were used to fund post-employment benefits were \$31,333 for 2011, \$27,274 for 2010, and \$21,254 for 2009 which were equal to the required contributions for each year.

D. OPERS Retirement Board Implements its Health Care Preservation Plan.

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

NOTE 6-COMPENSATED ABSENCES

Vacation and sick leave policies are established by the Board of Commissioners based on local and state laws. All permanent employees will earn 8 hours of sick leave per 1 month of service. Unused sick leave may be accumulated up to 120 days (960 hours). Employees will be paid for $\frac{1}{4}$ of accumulated sick leave, not to exceed 30 days (240 hours), at the time of retirement, at the employee's rate of pay at the time of retirement. All permanent employees will earn vacation hours accumulated based on length of service. Maximum accumulated vacation is no more than what is earned in 2 years, with carryover limited to one year of earned. Upon termination, any accrued vacation time will be paid to the employee with his/her final check.

At December 31, 2011, using the vested method of accrual, \$70,625 was accrued by the Authority for unused vacation time and sick time.

NOTE 7-INSURANCE

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

NOTE 8-CONTINGENCIES

Grants

The Authority received financial assistance from federal and state agencies in the form of grants. The expenditures of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Authority. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Authority at December 31, 2011.

Litigation

The Authority is not party to any legal proceedings.

GALLIA METROPOLITAN HOUSING AUTHORITY
BIDWELL, OHIO
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2011

| FEDERAL GRANTOR/SUB-GRANTOR/ PROGRAM TITLE: | FEDERAL CFDA NUMBER | 2011 FEDERAL EXPENDITURES |
|---|---------------------------|---------------------------------|
| DIRECT FROM U.S. DEPARTMENT HOUSING AND URBAN DEVELOPMENT: | | |
| Public and Indian Housing | 14.850 | \$527,288 |
| Section 8 Housing Choice Vouchers | 14.871 | <u>638,066</u> |
| TOTAL - ALL PROGRAMS | | <u>\$1,165,354</u> |

See accompanying Notes to the Schedule of Federal Awards Expenditures

GALLIA METROPOLITAN HOUSING AUTHORITY
BIDWELL, OHIO
NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

GALLIA METROPOLITAN HOUSING AUTHORITY
 BIDWELL, OHIO
 STATEMENT OF NET ASSETS BY PROGRAM
 FOR THE YEAR ENDED DECEMBER 31, 2011

| | Section 8 Voucher | Public Housing | Capital Fund | ENTERPRISE FUND |
|---|----------------------|---------------------|---------------------|---------------------|
| ASSETS | | | | |
| Current Assets | | | | |
| Cash - Unrestricted | \$ 15,336 | \$ 187,166 | \$ - | \$ 202,502 |
| Cash - Restricted | 74,390 | 275,230 | - | 349,620 |
| Cash - Tenant Security Deposits | - | 19,731 | - | 19,731 |
| Accounts Receivable: | | | | |
| Fraud Recovery | 2,931 | - | - | 2,931 |
| Tenants - Dwelling Rents | - | 1,892 | - | 1,892 |
| Investments - Restricted | - | - | - | - |
| Inventories | - | 29,644 | - | 29,644 |
| Prepaid Expense | 238 | 7,989 | - | 8,227 |
| Total Current Assets | 92,895 | 521,652 | - | 614,547 |
| Noncurrent Assets: | | | | |
| Capital Assets: | | | | |
| Non-depreciable Capital Assets | - | 869,069 | 1,084,679 | 1,953,748 |
| Depreciable Capital Assets | - | 3,629,150 | - | 3,629,150 |
| Capital Assets, net | - | 4,498,219 | 1,084,679 | 5,582,898 |
| Other Assets | | | | |
| Interprogram Due From | - | 158,974 | - | 158,974 |
| Total Noncurrent Assets | - | 4,657,193 | 1,084,679 | 5,741,872 |
| Total Assets | \$ 92,895 | \$ 5,178,845 | \$ 1,084,679 | \$ 6,356,419 |
| Liabilities | | | | |
| Current Liabilities: | | | | |
| Accrued Wages/Payroll Taxes Payable | \$ 1,049 | \$ 14,345 | \$ - | \$ 15,394 |
| Accounts Payable: | | | | |
| <= 90 Days Past Due | 1,635 | 44,523 | - | 46,158 |
| Compensated Absences | 5,058 | 8,029 | - | 13,087 |
| Tenant Security Deposits | - | 17,451 | - | 17,451 |
| Total Current Liabilities | 7,742 | 84,348 | - | 92,090 |
| Noncurrent Liabilities: | | | | |
| Accounts Payable >=90 Days Past Due | - | 2,804 | - | 2,804 |
| Interprogram Due To | 158,974 | - | - | 158,974 |
| Noncurrent Liabilities - Other | - | 156,125 | - | 156,125 |
| Compensated Absences | 16,016 | 41,522 | - | 57,538 |
| Total Noncurrent Liabilities | 174,990 | 200,451 | - | 375,441 |
| Total Liabilities | 182,732 | 284,799 | - | 467,531 |
| Net Assets | | | | |
| Invested in Capital Assets, Net of Related Debt | - | 4,498,219 | 1,084,679 | 5,582,898 |
| Restricted | 74,390 | 294,961 | - | 369,351 |
| Unrestricted | (164,227) | 100,866 | - | (63,361) |
| Total Net Assets | (89,837) | 4,894,046 | 1,084,679 | 5,888,888 |
| Total Liabilities and Net Assets | \$ 92,895 | \$ 5,178,845 | \$ 1,084,679 | \$ 6,356,419 |

GALLIA METROPOLITAN HOUSING AUTHORITY
 BIDWELL, OHIO
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS BY PROGRAM
 FOR THE YEAR ENDED DECEMBER 31, 2011

| | Section 8 Voucher | Public Housing | Capital Fund | ENTERPRISE FUND |
|--|----------------------|-------------------|-----------------|--------------------|
| Revenues | | | | |
| Tenant Revenues: | | | | |
| Net Tenant Rental Revenue | \$ - | \$ 104,802 | \$ - | \$ 104,802 |
| Total Tenant Revenue | - | 104,802 | - | 104,802 |
| HUD PHA Grants/Operating Grants | 654,333 | 527,288 | - | 1,181,621 |
| Other Revenue | 5,881 | 6,636 | - | 12,517 |
| Total Revenue | 660,214 | 638,726 | - | 1,298,940 |
| Expenses | | | | |
| Administrative: | | | | |
| Administrative Salaries | 48,617 | 201,866 | - | 250,483 |
| Auditing Fees | 54 | 8,069 | - | 8,123 |
| Employee Benefit Contributions | 21,942 | 100,466 | - | 122,408 |
| Other Operating | 5,394 | 55,870 | - | 61,264 |
| Total Administrative | 76,007 | 366,271 | - | 442,278 |
| Tenant Services: | | | | |
| Other | - | 651 | - | 651 |
| Total Tenant Services | - | 651 | - | 651 |
| Utilities: | | | | |
| Water | - | 117,536 | - | 117,536 |
| Electric | - | 23,879 | - | 23,879 |
| Gas | - | 3,304 | - | 3,304 |
| Total Utilities | - | 144,719 | - | 144,719 |
| Ordinary Maintenance & Operation | | | | |
| Labor | - | 85,863 | - | 85,863 |
| Materials and other | - | 81,267 | - | 81,267 |
| Contract Costs | - | 45,153 | - | 45,153 |
| Protective Services-Other Contract Costs | - | 1,028 | - | 1,028 |
| Employee Benefit Contributions | - | 43,056 | - | 43,056 |
| Total Ordinary Maintenance Operation | - | 256,367 | - | 256,367 |
| General Expenses: | | | | |
| Insurance Premiums | 4,469 | 39,867 | - | 44,336 |
| Total General Expenses | 4,469 | 39,867 | - | 44,336 |
| Other Expenses: | | | | |
| Housing Assistance Payments | 557,590 | - | - | 557,590 |
| Extraordinary Maintenance | - | 467,197 | - | 467,197 |
| Casualty Loss Noncapitalized | - | 46,765 | - | 46,765 |
| Depreciation Expense | - | 248,528 | - | 248,528 |
| Total Other Expense | 557,590 | 762,490 | - | 1,320,080 |
| Total Operating Expenses | 638,066 | 1,570,365 | - | 2,208,431 |
| Operating Income/(Loss) | 22,148 | (931,639) | - | (909,491) |
| Nonoperating Revenues: | | | | |
| Gain on Sale of House | - | 15,175 | - | 15,175 |
| Investment Income-Restricted | 40 | 482 | - | 522 |
| Total Nonoperating Revenues | 40 | 15,657 | - | 15,697 |
| Change in Net Assets | 22,188 | (915,982) | - | (893,794) |
| Net Assets Beginning of Year | (112,025) | 5,810,028 | 1,084,679 | 6,782,682 |
| Total Net Assets at End of Year | \$ (89,837) | \$ 4,894,046 | \$ 1,084,679 | \$ 5,888,888 |

GALLIA METROPOLITAN HOUSING AUTHORITY
 BIDWELL, OHIO
 STATEMENT OF CASH FLOWS BY PROGRAM
 FOR THE YEAR ENDED DECEMBER 31, 2011

| | Section 8 Voucher | Public Housing | Capital Fund | ENTERPRISE FUND |
|--|----------------------|---------------------|-----------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from Tenants | \$ - | \$ 104,802 | \$ - | \$ 104,802 |
| Receipts from operating grants | 660,214 | 527,288 | - | 1,187,502 |
| Other operating receipts | - | 6,636 | - | 6,636 |
| Housing assistance payments | (557,590) | - | - | (557,590) |
| Payment for general and administrative expenses | (74,419) | (1,289,731) | - | (1,364,150) |
| Net Cash Provided By/(Used For) Operating Activities | <u>28,205</u> | <u>(651,005)</u> | <u>-</u> | <u>(622,800)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Interest | 40 | 482 | - | 522 |
| Net Cash Provided By Investing Activities | <u>40</u> | <u>482</u> | <u>-</u> | <u>522</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | |
| Proceeds from Sale of Asset | - | 59,000 | - | 59,000 |
| Acquisition of Capital Assets | - | (500) | - | (500) |
| Net Cash Provided By Capital Financing Activities | <u>-</u> | <u>58,500</u> | <u>-</u> | <u>58,500</u> |
| Net Increase/(Decrease) In Cash and Cash Equivalents | 28,245 | (592,023) | - | (563,778) |
| Cash At The Beginning Of Year | 61,481 | 1,074,150 | - | 1,135,631 |
| Cash At End Of Year | <u>\$ 89,726</u> | <u>\$ 482,127</u> | <u>\$ -</u> | <u>\$ 571,853</u> |
| RECONCILIATION OF OPERATING INCOME/(LOSS) TO CASH PROVIDED BY/(USED FOR) OPERATING ACTIVITIES | | | | |
| Net Operating Income/(Loss) | \$ 22,148 | \$ (931,639) | \$ - | \$ (909,491) |
| Adjustments to Reconcile Net Income/(Loss) to Net Cash Provided by Operating Activities: | | | | |
| | - | 248,528 | - | 248,528 |
| Changes in Operating Assets and Liabilities that Increase/(Decrease) Cash Flows: | | | | |
| (Increase) Decrease In: | | | | |
| Accounts Receivable - dwelling rent | - | (1,463) | - | (1,463) |
| Prepaid Expenses | - | (1,129) | - | (1,129) |
| Inventory | - | (1,889) | - | (1,889) |
| Interprogram - due from | - | (674) | - | (674) |
| Increase (Decrease) In: | | | | |
| Accounts Payable | 410 | 19,117 | - | 19,527 |
| Security Deposits | - | 628 | - | 628 |
| Accrued Wages and Taxes | 628 | 2,472 | - | 3,100 |
| Accrued Compensated Absences | 4,345 | 15,044 | - | 19,389 |
| Interprogram - due to | 674 | - | - | 674 |
| Total Adjustments | <u>6,057</u> | <u>32,106</u> | <u>-</u> | <u>38,163</u> |
| Net Cash Provided By Operating Activities | <u>\$ 28,205</u> | <u>\$ (651,005)</u> | <u>\$ -</u> | <u>\$ (622,800)</u> |

GALLIA METROPOLITAN HOUSING AUTHORITY
BIDWELL, OHIO
SUMMARY OF ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2011

At the close of the fiscal year ended December 31, 2011, Gallia Metropolitan Housing Authority had the following operations management:

| | <u>Units</u> |
|-----------------------------------|-------------------|
| Low Rent Public Housing Program | 144 |
| Section 8 Housing Choice Vouchers | <u>184</u> |
| Total Units | <u><u>328</u></u> |



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

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

We have audited the basic financial statements of the Gallia Metropolitan Housing Authority, Gallia County, Ohio, (the Authority), as of and for the year ended December 31, 2011, and have issued our report thereon dated June 25, 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

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

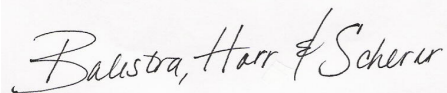
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or combination of internal control deficiencies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

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

Compliance and Other Matters

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

We intend this report solely for the information and use of management, the 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.



Balestra, Harr & Scherer, CPAs, Inc.
June 25, 2012



Balestra, Harr & Scherer, CPAs, Inc.

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

Compliance

We have audited the compliance of Gallia Metropolitan Housing Authority, Gallia 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 Gallia Metropolitan Housing Authority's major federal program for the year ended December 31, 2011. 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, Gallia 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, 2011.

Internal Control Over Compliance

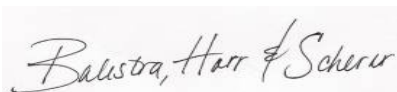
The Authority's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could directly and materially affect a major federal program, 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
Gallia 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, the 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.
June 25, 2012

Gallia Metropolitan Housing Authority
Schedule of Findings
OMB Circular A-133 Section .505
December 31, 2011

1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|--------------|---|--|
| (d)(1)(i) | Type of Financial Statement Opinion | Unqualified |
| (d)(1)(ii) | Were there any material weaknesses reported at the financial statement level (GAGAS)? | No |
| (d)(1)(ii) | Were there any other significant control deficiencies in reported at the financial statement level (GAGAS)? | No |
| (d)(1)(iii) | Was there any reported non-compliance at the financial statement level (GAGAS)? | No |
| (d)(1)(iv) | Were there any material internal control weakness reported for major federal programs? | No |
| (d)(1)(iv) | Were there any other significant internal control deficiencies reported for major federal programs? | No |
| (d)(1)(v) | Type of Major Programs' Compliance Opinion | Unqualified |
| (d)(1)(vi) | Are there any reportable findings under section .510? | No |
| (d)(1)(vii) | Major Programs (list): | Section 8 Housing Choice Vouchers (CFDA #14.871) |
| (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