

**CHILLICOTHE METROPOLITAN HOUSING AUTHORITY**

Ross County, Ohio

Financial Statements

For the Year Ended September 30, 2012



*Whited Seigneur Sams & Rahe, LLP*  
CERTIFIED PUBLIC ACCOUNTANTS

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# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Chillicothe Metropolitan Housing Authority, Ross County, prepared by Whited, Seigneur, Sams & Rahe CPAs, LLP, for the audit period October 1, 2011 through September 30, 2012. 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

August 5, 2013

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**CHILLICOTHE METROPOLITAN HOUSING AUTHORITY**

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*For the Fiscal Year Ended September 30, 2012*

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# Whited Seigneur Sams & Rahe, LLP

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June 14, 2013

Members of the Board of Commissioners  
Chillicothe Metropolitan Housing Authority

## Independent Auditor's Report

We have audited the accompanying financial statements of the business-type activities of Chillicothe Metropolitan Housing Authority (the Authority), Ross County, as of and for the year ended September 30, 2012, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority, as of September 30, 2012, and the respective 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 14, 2013 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. 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 on pages 3 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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

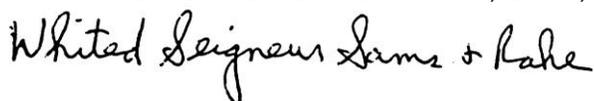
obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The Financial Data Schedule Submitted to REAC is presented for purposes of additional analysis as required by the Department of Housing and Urban Development and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare 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 basic financial statements taken as a whole.

The accompanying Schedule and Certification of Actual Modernization Costs presented on page 36 is presented for additional analysis as required by the Department of Housing and Urban Development and is not a required part of the basic financial statements of the Authority. We did not subject the actual modernization cost certificates presented on page 36 to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion or any other assurance on it.

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE, CPAs, LLP

A handwritten signature in cursive script that reads "Whited Seigneur Sams & Rahe".

**CHILlicothe METROPOLITAN HOUSING AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2012**

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This Management's Discussion and Analysis (MD&A) for the Chillicothe Metropolitan Housing Authority (the Authority) is intended to assist the reader identify what management feels are significant financial issues, provide an overview of the financial activity for the year, and identify and offer a discussion about changes in the Authority's financial position. It is designed to focus on the financial activity for the fiscal year ended September 30, 2012, resulting changes and currently known facts. Please read it in conjunction with the financial statements found elsewhere in this report.

**Overview of the Financial Statements**

The Basic Financial Statements included elsewhere in this report are:

the Statement of Net Assets,  
the Statement of Revenues, Expenses & Changes in Net Assets, and  
the Statement of Cash Flows.

The **Statement of Net Assets** is very similar to, and what most people would think of as, a Balance Sheet. In the first half it reports the value of assets the Authority holds at September 30, 2012, that is, the cash the Authority has, the amounts that are owed the Authority from others, and the value of the equipment owned. In the other half of the report it shows the liabilities the Authority has, that is, what the Authority owes others at September 30, 2012; and what Net Assets (or what is commonly referred to as Equity) the Authority has at September 30, 2012. The two parts of the report are in balance, thus why many might refer to this type of report as a Balance Sheet, in that the total of the assets part equals the total of the liabilities plus net assets (or equity) part.

In the statement, the Net Assets part is broken out into three broad categories:

Net Assets, Invested in Capital Assets, Net of Related Debt,  
Restricted Net Assets, and  
Unrestricted Net Assets.

The balance in Net Assets, Invested in Capital Assets, Net of Related Debt reflects the value of capital assets, that is assets such as land, buildings, & equipment, reported in the top part of the statement reduced by the amount of accumulated depreciation of those assets and by the outstanding amount of debt yet owed on those assets.

The balance in Restricted Net Assets reflects the value of assets reported in the top part of the statement that are restricted for use by law or regulation, or when the use of those assets is restricted by constraints placed on the assets by creditors.

The balance in Unrestricted Net Assets is what is left over of net assets after what is classified in the two previously mentioned components of net assets. It reflects the value of assets available to the Authority to use to further its purposes.

**CHILLICOTHE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2012**

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The **Statement of Revenues, Expenses & Changes in Net Assets** is very similar to and may commonly be referred to as an Income Statement. It is in essence a report showing what the Authority earned, that is what its revenues or incomes were, versus what expenses the Authority had over the same period. And then it shows how the net assets changed because of how the incomes exceeded or were less than what expenses were. It helps the reader to determine if the Authority had more in revenues than in expenses or vice-versa, and then how that net gain or net loss affected the net asset balance. The bottom line of the report, the Ending Total Net Assets, is what is referred to in the above discussion of the Statement of Net Assets that when added to the liabilities the Authority has equals the total assets the Authority has.

The **Statement of Cash Flows** is a report that shows how the amount of cash the Authority had at the end of the previous year was impacted by the activities of the current year. It breaks out in general categories the cash coming in and the cash going out. It helps the reader to understand the sources and uses of cash by the Authority during the year to include a measurement of cash gained or used by operating activities, by activities related to acquiring capital assets, and by activities related to investing activities.

**The Authority's Business Type Funds**

The financial statements included elsewhere in this report are presented using the entity-wide perspective meaning the activity reported reflects the summed results of all the programs, or business type funds of the Authority. The Authority consists exclusively of Enterprise Funds. The full accrual basis of accounting is used for Enterprise Funds. That method of accounting is very similar to accounting used in the private sector.

The Authority's programs include the following:

- the Low Rent Public Housing program,
- the Development Program,
- the Section 8 Housing programs, and
- the Central Office Cost Center.

Low Rent Public Housing program - The Authority rents dwelling units it owns to low to moderate-income families. Through an Annual Contributions Contract (commonly referred to as an ACC) with HUD, HUD provides an operating subsidy to the Authority to help support the operations of the program. In addition, HUD provides funds for physical improvements to the Authority's properties and funds for management improvements through Capital Fund Program grants. HUD also provides the Resident Opportunity and Supportive Services (ROSS) grant funding that is used to enable public housing residents to attain self-sufficiency and economic independence.

Development program – The Authority's further development of low income housing under the Public Housing program.

**CHILlicoTHE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2012**

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Section 8 Housing Choice Voucher program - The Authority subsidizes the rents of low to moderate-income families through Housing Assistance Payments contracts when those families rent from private landlords. This is called a tenant-based program because when the tenant family moves, the rental assistance goes with the family to the new rental unit.

Central Office Cost Center (COCC) – The Authority created a COCC to account for non-project/non-program specific costs of the former central administrative and executive management function. Costs of the COCC are supported by management fees, asset management fees, bookkeeping fees, and front line service fees charged the other agency programs.

**Condensed Financial Statements**

The following is a condensed **Statement of Net Assets** compared to the prior year-end. The Authority is engaged only in business type activities.

**Table 1 – Condensed Statement of Net Assets Compared to Prior Year  
(Values Rounded to Nearest Thousand)**

	<u>2012</u>	<u>2011</u>
Current Assets	\$ 1,586,000	\$ 1,609,000
Capital Assets	<u>8,369,000</u>	<u>8,656,000</u>
<b>Total Assets</b>	<u>9,955,000</u>	<u>10,265,000</u>
Current Liabilities	260,000	235,000
Long-Term Liabilities	<u>110,000</u>	<u>79,000</u>
<b>Total Liabilities</b>	370,000	314,000
Net Assets:		
Invested in Capital Assets, Net of Related Debt	8,370,000	8,656,000
Restricted Net Assets	240,000	496,000
Unrestricted Net Assets	<u>975,000</u>	<u>799,000</u>
<b>Total Net Assets</b>	<u>9,585,000</u>	<u>9,951,000</u>
<b>Total Liabilities and Net Assets</b>	\$ <u>9,955,000</u>	\$ <u>10,265,000</u>

For more detailed information see Statement of Net Assets presented elsewhere in this report.

**CHILLICOTHE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2012**

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Total Net Assets decreased from the prior year-end by \$366,000, but Unrestricted Net Assets increased by \$176,000. The changes in incomes and expenses from the prior year causing those changes are discussed more in the next section where we discuss Table 2, the Statement of Revenues, Expenses and Changes in Net Assets.

Current Assets decreased about \$23,000 (2%) from the prior year. The decrease in Current Assets was primarily in the area of Accounts Receivable HUD. At the end of 2011, the agency had amounts due from HUD for Capital Fund Program amounts expended but not yet drawn from HUD. There is no similar Accounts Receivable HUD at the end of 2012. Capital Assets were reduced in the period by \$287,000, but that was only a 4% drop. That change is a reflection that depreciation on assets held by the Authority outpaced additions to capital assets in the period.

Current Liabilities were reduced \$25,000 (about 11%) from the previous year-end. That is due to a revised classification in the Compensated Absences Liability. None of the Compensated Absences Liability is classified as current at September 30, 2012 because the agency does not expect any separations from service in the coming period that will result in a payout for unused sick and vacation time, and the agency does not expect use of leave in the coming period to be significantly different from what employees will earn in the coming period.

Of the components of Net Assets, the change in Invested in Capital Assets, Net of Related Debt closely corresponds to the change in Capital Assets because that is what that component of Net Assets represents. The change in Restricted Net Assets is a result of the reduction in revenues for the Section 8 programs. Unrestricted Net Assets, the component that measures what the agency has in Net Assets to further its purpose, increased by \$176,000. Causes of these changes will be discussed in the following section.

**CHILLICOTHE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2012**

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The following is a modified **Statement of Revenues, Expenses & Changes in Net Assets**. The Authority is engaged only in business type activities.

**Table 2 –Statement of Revenues, Expenses & Changes in Net Assets  
(Values Rounded to Nearest Thousand)**

	<u>2012</u>	<u>2011</u>
<b><u>Revenues</u></b>		
Tenant Revenues - Rents & Other	\$ 637,000	\$ 639,000
Operating Subsidies & Grants	3,801,000	4,093,000
Capital Grants	429,000	1,141,000
Investment Income	2,000	2,000
Other Revenues	<u>36,000</u>	<u>15,000</u>
<b>Total Revenues</b>	<b>4,905,000</b>	<b>5,890,000</b>
<b><u>Expenses</u></b>		
Administrative	804,000	722,000
Tenant Services	70,000	84,000
Utilities	330,000	369,000
Maintenance	700,000	772,000
Protective Services	0	26,000
General	192,000	194,000
Housing Assistance Payments	2,453,000	2,544,000
Depreciation	<u>722,000</u>	<u>691,000</u>
<b>Total Expenses</b>	<b><u>5,271,000</u></b>	<b><u>5,402,000</u></b>
<b>Net Increase (Decrease)</b>	<b>\$ <u>(366,000)</u></b>	<b>\$ <u>(488,000)</u></b>

Revenues decreased considerably from the prior period, dropping \$985,000 (about 17%). A big portion of that drop is in the area of Capital Grants revenue which dropped \$712,000. That big drop is primarily due to the agency being provided extra Capital Grant funding in prior years, benefitting then from Stimulus grant funding provided by Washington to spur economic development to benefit the economy as a whole. Stimulus grant funding from Washington had been fully expended by the Authority prior to this fiscal period. The remainder of the drop in revenues was in Operating Subsidies benefitting the Section 8 programs due to HUD reducing funding for those programs. These drops resulted in the agency being provided less funding to use to make rental assistance payments in the period.

**CHILLICOTHE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2012**

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Administrative Expenses increased a little more than 12% in the period due to a temporary increase in staffing needed in the period, but overall expenses dropped about \$131,000. More significant reductions were in utilities, maintenance and HAP expenses. The drop in utilities was primarily in water and sewer and related to improvements made in the past period to reduce consumption. A drop in maintenance contract costs contributed to the drop in maintenance expense, a reflection of belt tightening in the period by management. And the drop in HAP expense, which is the payment of rental assistance, corresponded to the drop in related revenues. Depreciation expense increased marginally, a result of more capital assets to depreciate.

It should be noted HAP expense affects the Restricted Net Assets component of Net Assets as the funding provided the agency by HUD for this purpose is restricted for the payments of rental assistance under this program.

The following is a condensed **Statement of Changes in Capital Assets** comparing the balance in capital assets at the year-end versus at the end of the prior year.

**Table 3 – Condensed Statement of Changes in Capital Assets  
(Values Rounded to Nearest Thousand)**

	<u>2012</u>	<u>2011</u>
Land and Land Rights	\$ 1,301,000	\$ 1,301,000
Buildings & Improvements	23,454,000	23,047,000
Equipment	501,000	518,000
Accumulated Depreciation	(16,886,000)	(16,210,000)
Construction in Progress	<u>0</u>	<u>0</u>
<b>Total</b>	<u>8,370,000</u>	<u>8,656,000</u>

The change in capital assets in the period corresponds to the Capital Grant Revenue reported. The overall drop in capital assets is a reflection of the reduction in the amount of Capital Grants revenue discussed above offset by the amount of depreciation expense in the period. Overall, capital additions were outpaced by the increase in depreciation on assets owned by the agency.

**Debt**

The agency has no debt.

**CHILlicothe METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2012**

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**Economic Factors**

The Authority faces the continuing prospect of HUD providing subsidies used to administer their programs at levels lower than that which the agency is eligible due to Federal budget cuts, made even more difficult with the particularly difficult times currently at the Federal level. Since costs tend to increase, the effect of funding being provided at reduced levels creates an ongoing challenge for management to administer the agency's programs. The reduction in government assistance for administration of programs despite ever increasing costs to administer the programs means the Authority continues to be challenged to provide the same level of quality service to their clients within the limits of resources available to do so.

**Financial Contact**

Questions concerning this report or requests for additional information should be directed to Carleena Beverly, Deputy Director of the Chillicothe Metropolitan Housing Authority, 178 W. Fourth Street, Chillicothe, Ohio, 45601.

**CHILlicoTHE METROPOLITAN HOUSING AUTHORITY**  
**ROSS COUNTY, OHIO**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2012**

**ASSETS**

**Current Assets:**

Cash and Cash Equivalents	\$ 1,082,531
Restricted Cash and Cash Equivalents	364,951
Receivables, Net	83,189
Prepaid Expenses and Other Assets	<u>55,337</u>

Total Current Assets 1,586,008

**Non-Current Assets**

Capital Assets:

Non-Depreciable Capital Assets	1,301,488
Depreciable Capital Assets, Net	<u>7,068,170</u>

Total Non-Current Assets 8,369,658

**TOTAL ASSETS** \$ 9,955,666

**LIABILITIES**

**Current Liabilities:**

Accounts Payable	\$ 118,112
Accrued Liabilities	18,706
Intergovernmental Payables	78,303
Tenant Security Deposits	<u>45,026</u>
Total Current Liabilities	<u>260,147</u>

**Non-Current Liabilities:**

Accrued Compensated Absences Non-Current	30,445
Other Non-Current Liabilities	<u>79,751</u>

Total Non-Current Liabilities 110,196

**TOTAL LIABILITIES** \$ 370,343

**NET ASSETS**

Invested in Capital Assets, Net of Related Debt	\$ 8,369,658
Restricted Net Assets	240,174
Unrestricted Net Assets	<u>975,491</u>

**TOTAL NET ASSETS** \$ 9,585,323

**TOTAL LIABILITIES AND NET ASSETS** \$9,955,666

See the accompanying notes to the basic financial statements.

**CHILLCOTHE METROPOLITAN HOUSING AUTHORITY  
ROSS COUNTY, OHIO  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

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**OPERATING REVENUES**

Tenant Revenue	\$ 636,735
Government Operating Grants	3,801,636
Other Revenue	<u>36,350</u>

**TOTAL OPERATING REVENUES** 4,474,721

**OPERATING EXPENSES**

Administrative	803,880
Tenant Services	69,686
Utilities	330,635
Maintenance	699,623
General	191,896
Housing Assistance Payment	2,453,367
Depreciation	<u>721,602</u>

**TOTAL OPERATING EXPENSES** 5,270,689

Operating Income (Loss) (759,968)

**NON-OPERATING REVENUES (EXPENSES)**

Interest and Investment Revenue	1,696
Gain on Sale of Capital Assets	<u>(744)</u>

**TOTAL NON-OPERATING REVENUES (EXPENSES)** 952

Income (Loss) before Contributions (795,016)

Capital Grants 429,108

Change in Net Assets (365,908)

Total Net Assets - Beginning of the Year 9,951,231

**TOTAL NET ASSETS - ENDING OF THE YEAR** \$ 9,585,323

See the accompanying notes to the basic financial statements.

**CHILLCOTHE METROPOLITAN HOUSING AUTHORITY**  
**ROSS COUNTY, OHIO**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

<b><u>Cash Flows from Operating Activities</u></b>	
Cash from HUD and Other Governments	\$ 3,848,722
Cash from Tenants	616,034
Cash from Other Sources	36,350
Cash Paid for HAPs	(2,453,367)
Cash Paid for Administration	(768,366)
Cash Paid for Other Operating	<u>(1,194,774)</u>
<b>Net Cash (Used) by Operating Activities</b>	<b><u>84,599</u></b>
 <b><u>Cash Flows from Capital and Financing</u></b>	
Acquisition of Capital Assets	(435,674)
Capital Grants Received	<u>429,108</u>
<b>Net Cash Provided by Capital/Financing</b>	<b><u>(6,566)</u></b>
 <b><u>Cash Flows from Investing</u></b>	
Investment Income	<u>1,696</u>
<b>Net Cash Provided by Investing</b>	<b><u>1,696</u></b>
 Net Increase in Cash	 47,727
 Cash and Cash Equivalents at Beginning of Year	 <u>\$1,403,755</u>
 <b>Cash and Cash Equivalents at End of Period</b>	 <b><u>\$1,447,482</u></b>
 <b><u>Reconciliation of Operating Loss to Net</u></b>	
<b><u>Cash Provided by Operating Activities</u></b>	
Net Operating Income (Loss)	\$(759,968)
Adjustments to Reconcile Operating Loss to	
Net Cash Used by Operating Activities:	
Depreciation	721,602
(Increase) Decrease in Accounts Receivable	66,236
(Increase) Decrease in Inventory	1,026
(Increase) Decrease in Prepaid Expenses and Other Assets	(871)
Increase (Decrease) in Accounts Payable	36,453
Increase (Decrease) in Other Current Liabilities	30,558
Increase (Decrease) in Accrued Wages and Payroll Taxes	(321)
Increase (Decrease) in Tenant Security Deposits	(3,262)
Increase (Decrease) in Other Liabilities	<u>(6,855)</u>
 <b>Net Cash Provided by Operating Activities</b>	 <b><u>\$ 84,599</u></b>

See the accompanying notes to the basic financial statements.

**CHILlicothe METROPOLITAN HOUSING AUTHORITY**  
**ROSS COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

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**NOTE 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 generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

**Reporting Entity**

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

The accompanying 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.

**CHILLICOTHE METROPOLITAN HOUSING AUTHORITY**  
**ROSS COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

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

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

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

**Basis of Presentation**

The Authority's 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.

**Fund Accounting**

The Authority uses the proprietary fund to report on its financial position and the results of its operations for the HUD programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Funds are classified into three categories: governmental, proprietary and fiduciary. The Authority uses the proprietary category for its programs.

**Proprietary Fund Types**

Proprietary funds are used to account for the Authority's ongoing activities, which are similar to those found in the private sector. The following is the proprietary fund type:

*Enterprise Fund* - This fund is used to account for the operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**CHILlicoTHE METROPOLITAN HOUSING AUTHORITY**  
**ROSS COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

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

**Measurement Focus/Basis of Accounting**

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

**Description of Programs**

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

**Public Housing Program**

The public housing program is designed to provide low-cost housing within Ross County. Under this program, HUD provides funding via an annual contribution contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the program.

**Capital Fund Program**

The capital fund program provides funds annually, via a formula, to Public Housing Agencies for capital and management activities, including modernization and development housing.

**Development**

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

**Housing Choice Voucher Program**

The Housing Choice Voucher Program was authorized by Section 8 of the National Housing Act and provides housing assistance payments to private, not-for-profit or public landlords to subsidize rentals for low-income persons.

**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.

**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.

**CHILlicothe METROPOLITAN HOUSING AUTHORITY**  
**ROSS COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

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

**Restricted Assets**

Certain assets may be classified as restricted assets on the Statement of Net Assets, because their use is restricted by contracts or agreements with outside third parties and lending institutions, or laws and regulations of other governments.

It is the Authority's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**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 \$24,500 at September 30, 2012.

**Other Assets**

**Prepaid Expenses**

Payments made to vendors for services that will benefit periods beyond September 30, 2012, 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.

**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 \$1,000 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

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

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

**Due From/To Other Programs**

The Authority will make cash transfers between its various programs as outlined in the federal regulations. 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 funds, the compensated absences are expensed when earned with the amount reported as a fund liability.

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

**Operating Revenues and Expenses**

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

**Capital Contributions**

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

**CHILLICOTHE METROPOLITAN HOUSING AUTHORITY**  
**ROSS COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

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

**Budgetary Accounting**

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

**Accounting and Reporting for Non-Exchange Transactions**

The Authority accounts for non-exchange transactions in accordance with Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*. Non-exchange transactions occur when the Authority receives (or gives) value without directly giving (or receiving) equal value in return.

In conformity with the requirements of GASB Statement No. 33, the Authority has recognized grant funds expended for capitalizable capital assets acquired after September 30, 2000 as revenues and the related depreciation thereon, as expenses in the accompanying Statement of Revenue, Expenses, and Changes in Net Assets.

**Estimates**

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

**NOTE 2: DEPOSITS AND INVESTMENTS**

**Deposits**

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

1. Active deposits are public deposits necessary to meet demands on the treasury. Such monies must be maintained either as cash in the Authority's treasury, in commercial accounts payable or withdrawal on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.
2. Inactive deposits are public deposits that the Authority has identified as not required for use within the current two periods of designation of depositories. Inactive deposits must either be evidenced by certificate of deposits maturing not later than the end of the current period of designation of the depositories, or by savings or deposit accounts including, but not limited to passbook accounts.

**CHILlicothe METROPOLITAN HOUSING AUTHORITY**  
**ROSS COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

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**NOTE 2: DEPOSITS AND INVESTMENTS** (Continued)

3. 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 certificate 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, 2012, the carrying amount of the Authority's deposits totaled \$1,447,482 (including petty cash of \$100) and its bank balance was \$1,512,496. Based on the criteria described in GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, as of September 30, 2012, a total of \$979,886 was exposed to custodial risk as discussed below, while \$532,610 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 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve in the name of the Authority.

Investments

Chillicothe Metropolitan Housing Authority had no investments at September 30, 2012.

**NOTE 3: RESTRICTED CASH AND INVESTMENT**

Restricted cash balance as of September 30, 2012 of \$364,951 represents cash on hand for the following:

- Tenant Security Deposit	\$ 45,026
- Cash on hand advance from HUD to be used for tenants housing assistance payments	240,174
- FSS Escrow held for tenants	<u>79,751</u>
Total Restricted Cash	<u>\$ 364,951</u>

**CHILLICOTHE METROPOLITAN HOUSING AUTHORITY**  
**ROSS COUNTY, OHIO**  
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**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

**NOTE 4: RISK MANAGEMENT**

The Authority is covered for property damage, general liability, automobile liability, law enforcement liability, public officials' liability, and other crime liabilities through membership in the State Housing Authority Risk Pool Association (SHARP). SHARP is an insurance risk pool comprised of 39 Ohio housing authorities, of which the Authority is a member. SHARP is a member of the Public Entity Risk Consortium (PERC), a self-insurance pool owned by its members. PERC provides SHARP specific excess coverage above its net retained limits. Deductibles and coverage limits are summarized below:

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Coverage Limits</u>
Property	\$1,500	\$250,000,000
Automobile Physical Damage	500	(per occurrence)
Boiler and Machinery	1,000	500,000,000
Liability:		
General	0	2,000,000
Automobile	0	included
Public Officials	0	included
Law Enforcement	0	included
Professional Liability	5,000	1,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant change in coverage from last year. Health, dental, vision, and life insurance is offered to Authority employees through a commercial insurance company. Additionally, Workers' Compensation insurance is maintained through the State of Ohio Bureau of Workers' Compensation, in which rates are calculated retrospectively.

**CHILlicothe METROPOLITAN HOUSING AUTHORITY**  
**ROSS COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

**NOTE 5: CAPITAL ASSETS**

	Balance at 9/30/2011	Reclasses	Additions	Deletions	Balance at 9/30/2012
<b><u>Capital Assets Not Being Depreciated</u></b>					
Land	\$ 1,301,488	\$ 0	\$ 0	\$ 0	\$ 1,301,488
<b>Total Capital Assets Not Being Depreciated</b>	<u>1,301,488</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,301,488</u>
<b><u>Capital Assets Being Depreciated</u></b>					
Buildings and Improvements	10,615,837	0	0	0	10,615,837
Leasehold Improvements	12,431,529	0	406,011	0	12,837,540
Furniture, Machinery and Equipment	517,853	0	29,664	(46,357)	501,160
<b>Sub-Total Capital Assets Being Depreciated</b>	<u>23,565,219</u>	<u>0</u>	<u>435,675</u>	<u>(46,357)</u>	<u>23,954,537</u>
<b><u>Accumulated Depreciation</u></b>					
Buildings and Improvements	(7,555,203)	0	(176,071)	0	(7,731,274)
Leasehold Improvements	(8,192,109)	0	(522,348)	0	(8,714,457)
Furniture and Equipment	(463,066)	0	(23,183)	45,613	(440,636)
<b>Subtotal Accumulated Depreciation</b>	<u>(16,210,378)</u>	<u>0</u>	<u>(721,602)</u>	<u>45,613</u>	<u>(16,886,367)</u>
Depreciable Assets, Net	<u>7,354,841</u>	<u>0</u>	<u>(285,927)</u>	<u>(744)</u>	<u>7,068,170</u>
<b>TOTAL CAPITAL ASSETS, NET</b>	<u>\$ 8,656,329</u>	<u>\$ 0</u>	<u>\$(285,927)</u>	<u>\$ (744)</u>	<u>\$ 8,369,658</u>

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

**Ohio Public Employees Retirement System**

The Authority participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investments earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature, but less than, 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.

**CHILlicoTHE METROPOLITAN HOUSING AUTHORITY**  
**ROSS COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

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

**Ohio Public Employees Retirement System** (Continued)

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of both 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 that may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 E. Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. Effective January 1, 2009, the members of all three plans were required to contribute 10.0 percent of their annual covered salaries. The Authority's contribution rate was 14.0 percent of covered payroll.

The Authority's required contributions to OPERS for the years ended September 30, 2012, 2011, and 2010 were \$77,128, \$77,473, and \$77,345 respectively. All required contributions have been paid.

**NOTE 7: POST-EMPLOYMENT BENEFITS**

**A. Plan Description**

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the Traditional Pension Plan - a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan - a defined contribution plan; and the Combined Plan - 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 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.

**CHILlicothe METROPOLITAN HOUSING AUTHORITY**  
**ROSS COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

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**NOTE 7: POST-EMPLOYMENT BENEFITS** (Continued)

A. **Plan Description** (Continued)

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, OH 43215-4642, or by calling 614-222-5601 or 1-800-222-7377.

B. **Funding Policy**

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012 and 2011, the Authority contributed at a rate of 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5 percent from October 1, 2009 through February 28, 2010 and 5.0 percent from March 1 through December 31, 2010. The rate was 4.0 percent from January 1, 2011 through September 30, 2012. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Actual Authority contributions for the years ended September 30, 2012, 2011 and 2010 which were used to fund post-employment benefits were \$22,037, \$30,436, and \$30,386, respectively.

**CHILlicothe METROPOLITAN HOUSING AUTHORITY  
ROSS COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

**NOTE 7: POST-EMPLOYMENT BENEFITS** (Continued)

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 to January 1, 2008, which allowed additional funds to be allocated to the health care plan.

**NOTE 8: COMPENSATED ABSENCES**

Employees earn 2-5 weeks of annual vacation leave per calendar year, based on years of service. Annual leave may be taken after 1 year of employment. As of September 30, 2012, the accrual for compensated absences (including sick leave) totaled \$30,445 and has been included in the accrued liabilities account balance in the accompanying Statement of Net Assets. The Authority considers all compensated absences payable as non-current.

The following is a summary of changes in compensated absences for the year ended September 30, 2012:

<u>Description</u>	<u>Balance at</u> <u>9/30/2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>09/30/2012</u>	<u>Amounts Due</u> <u>In One Year</u>
Compensated Absences	\$ 45,727	\$ 45,023	\$(60,305)	\$ 30,445	\$ 0

**NOTE 9: RESTRICTED NET ASSETS**

A summary of Restricted Net Assets at September 30, 2012 is as follows:

- Cash on hand advanced from HUD to be used for tenants housing assistance payments	<u>\$ 240,174</u>
Total Restricted Net Assets	<u>\$ 240,174</u>

**NOTE 10: CONTINGENCIES**

**Grants**

Amounts grantor agencies pay to the Authority are subject to audit and adjustments by the grantor, principally the federal government. Grantors may require refunding any disallowed costs or excess reserve balances. Management cannot presently determine amounts grantors may disallow or recapture. However, based on prior experience, management believes any such disallowed claims or recaptured amounts would not have a material adverse effect on the overall financial position of the Authority at September 30, 2012.

**CHILlicoTHE METROPOLITAN HOUSING AUTHORITY  
ROSS COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

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**NOTE 10: CONTINGENCIES** (Continued)

**Litigations and Claims**

The Authority is party to legal proceedings. The Authority is of the opinion that the ultimate disposition of claims will not have a material adverse effect, if any, on the financial condition of the Authority.

**NOTE 11: ECONOMIC DEPENDENCY**

The Authority is economically dependent on receiving operating subsidies from the U.S. Department of Housing and Urban Development (HUD).

**CHILLICOTHE METROPOLITAN HOUSING AUTHORITY**  
**PROJECTS- NET ASSETS**  
**FDS SCHEDULE SUBMITTED TO HUD**  
**PROPRIETARY FUND TYPE, ENTERPRISE FUND**  
**September 30, 2012**

	Project Total	14.871 Housing Choice Vouchers	8 Other Federal Program 1	9 Other Federal Program 2	91 Other Federal Program 3	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$695,823	\$236,295				\$150,413	\$1,082,531		\$1,082,531
113 Cash - Other Restricted	\$26,583	\$293,342					\$319,925		\$319,925
114 Cash - Tenant Security Deposits	\$45,026						\$45,026		\$45,026
100 Total Cash	\$767,432	\$529,637	\$0	\$0	\$0	\$150,413	\$1,447,482	\$0	\$1,447,482
122 Accounts Receivable - HUD Other Projects	\$0	\$1,000	\$41,635		\$17,189		\$59,824		\$59,824
125 Accounts Receivable - Miscellaneous		\$3,195				\$2,526	\$5,721		\$5,721
126 Accounts Receivable - Tenants	\$39,309						\$39,309		\$39,309
126.1 Allowance for Doubtful Accounts -Tenants	-\$24,500	\$0	\$0	\$0	\$0	\$0	-\$24,500		-\$24,500
128 Fraud Recovery		\$2,947					\$2,947		\$2,947
128.1 Allowance for Doubtful Accounts - Fraud		-\$112					-\$112		-\$112
129 Accrued Interest Receivable									
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$14,809	\$7,030	\$41,635	\$0	\$17,189	\$2,526	\$83,189	\$0	\$83,189
142 Prepaid Expenses and Other Assets	\$12,699					\$1,988	\$14,687		\$14,687
143 Inventories	\$40,650						\$40,650		\$40,650
144 Inter Program Due From						\$83,744	\$83,744	-\$83,744	\$0
150 Total Current Assets	\$835,590	\$536,667	\$41,635	\$0	\$17,189	\$238,671	\$1,669,752	-\$83,744	\$1,586,008
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	\$152,510		\$7,637				\$160,147		\$160,147
164 Furniture, Equipment & Machinery - Administration	\$128,867	\$18,606				\$193,542	\$341,015		\$341,015
165 Leasehold Improvements	\$11,930,547		\$402,665			\$504,327	\$12,837,539		\$12,837,539
166 Accumulated Depreciation	-\$15,022,790	-\$18,606	-\$633,146			-\$1,211,825	-\$16,886,367		-\$16,886,367
160 Total Capital Assets, Net of Accumulated Depreciation	\$6,650,645	\$162,144	\$1,112,929	\$0	\$0	\$443,940	\$8,369,658	\$0	\$8,369,658
180 Total Non-Current Assets	\$6,650,645	\$162,144	\$1,112,929	\$0	\$0	\$443,940	\$8,369,658	\$0	\$8,369,658
190 Total Assets	\$7,486,235	\$698,811	\$1,154,564	\$0	\$17,189	\$682,611	\$10,039,410	-\$83,744	\$9,955,666

See independent auditor's report

**CHILLICOTHE METROPOLITAN HOUSING AUTHORITY**  
**PROJECTS- NET ASSETS**  
**FDS SCHEDULE SUBMITTED TO HUD**  
**PROPRIETARY FUND TYPE, ENTERPRISE FUND**  
**September 30, 2012**

	Project Total	14,871 Housing Choice Vouchers	8 Other Federal Program 1	9 Other Federal Program 2	91 Other Federal Program 3	COCC	Subtotal	ELIM	Total
312 Accounts Payable <= 90 Days	\$87,336					\$30,777	\$118,113		\$118,113
321 Accrued Wage/Payroll Taxes Payable	\$5,973					\$12,733	\$18,706		\$18,706
333 Accounts Payable - Other Government	\$78,303						\$78,303		\$78,303
341 Tenant Security Deposits	\$45,026						\$45,026		\$45,026
347 Inter Program - Due To		\$24,920	\$41,635		\$17,189		\$83,744	-\$83,744	\$0
310 Total Current Liabilities	\$216,638	\$24,920	\$41,635	\$0	\$17,189	\$43,510	\$343,892	-\$83,744	\$260,148
353 Non-current Liabilities - Other	\$26,583	\$53,168					\$79,751		\$79,751
354 Accrued Compensated Absences - Non Current	\$11,080	\$13,669				\$5,696	\$30,445		\$30,445
350 Total Non-Current Liabilities	\$37,663	\$66,837	\$0	\$0	\$0	\$5,696	\$110,196	\$0	\$110,196
300 Total Liabilities	\$254,301	\$91,757	\$41,635	\$0	\$17,189	\$49,206	\$454,088	-\$83,744	\$370,344
508.1 Invested In Capital Assets, Net of Related Debt	\$6,650,645	\$162,144	\$1,112,929	\$0	\$0	\$443,940	\$8,369,658		\$8,369,658
511.1 Restricted Net Assets		\$240,174		\$0	\$0	\$0	\$240,174		\$240,174
512.1 Unrestricted Net Assets	\$581,289	\$204,736	\$0	\$0	\$0	\$189,465	\$975,490		\$975,490
513 Total Equity/Net Assets	\$7,231,934	\$607,054	\$1,112,929	\$0	\$0	\$633,405	\$9,585,322	\$0	\$9,585,322
600 Total Liabilities and Equity/Net Assets	\$7,486,235	\$698,811	\$1,154,564	\$0	\$17,189	\$682,611	\$10,039,410	-\$83,744	\$9,955,666

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**CHILlicoTHE METROPOLITAN HOUSING AUTHORITY**  
**PROJECTS- NET ASSETS**  
**FDS SCHEDULE SUBMITTED TO HUD**  
**PROPRIETARY FUND TYPE, ENTERPRISE FUND**  
**September 30, 2012**

	Project Total	14.871 Housing Choice Vouchers	8 Other Federal Program 1	9 Other Federal Program 2	91 Other Federal Program 3	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$626,368						\$626,368		\$626,368
70400 Tenant Revenue - Other	\$10,367						\$10,367		\$10,367
70500 Total Tenant Revenue	\$636,735	\$0	\$0	\$0	\$0	\$0	\$636,735	\$0	\$636,735
70600 HUD PHA Operating Grants	\$1,261,581	\$2,487,817			\$52,237		\$3,801,635		\$3,801,635
70610 Capital Grants	\$429,108						\$429,108		\$429,108
70710 Management Fee						\$294,987	\$294,987	-\$294,987	\$0
70720 Asset Management Fee						\$46,200	\$46,200	-\$46,200	\$0
70730 Book Keeping Fee						\$33,158	\$33,158	-\$33,158	\$0
70740 Front Line Service Fee						\$38,570	\$38,570	-\$38,570	\$0
70700 Total Fee Revenue						\$412,915	\$412,915	-\$412,915	\$0
71100 Investment Income - Unrestricted	\$6	\$473				\$565	\$1,044		\$1,044
71400 Fraud Recovery		\$6,272					\$6,272		\$6,272
71500 Other Revenue	\$19,357	\$10,721					\$30,078		\$30,078
71600 Gain or Loss on Sale of Capital Assets	-\$744						-\$744		-\$744
72000 Investment Income - Restricted		\$652					\$652		\$652
70000 Total Revenue	\$2,346,043	\$2,505,935	\$0	\$0	\$52,237	\$413,480	\$5,317,695	-\$412,915	\$4,904,780
91100 Administrative Salaries	\$58,998	\$130,536				\$216,702	\$406,236		\$406,236
91200 Auditing Fees	\$9,235	\$3,552				\$1,421	\$14,208		\$14,208
91300 Management Fee	\$249,255	\$45,732					\$294,987	-\$294,987	\$0
91310 Book-keeping Fee	\$33,158						\$33,158	-\$33,158	\$0
91400 Advertising and Marketing	\$1,483						\$1,483		\$1,483
91500 Employee Benefit contributions - Administrative	\$38,671	\$61,951				\$68,778	\$169,400		\$169,400
91600 Office Expenses	\$77,307	\$12,416				\$67,535	\$157,258		\$157,258
91700 Legal Expense	\$9,422	\$5,629				\$835	\$15,886		\$15,886
91800 Travel	\$170	\$2,110				\$1,962	\$4,242		\$4,242
91900 Other	\$956	\$31,542				\$2,669	\$35,167		\$35,167
91000 Total Operating - Administrative	\$478,655	\$293,468	\$0	\$0	\$0	\$359,902	\$1,132,025	-\$328,145	\$803,880
92000 Asset Management Fee	\$46,200						\$46,200	-\$46,200	\$0
92100 Tenant Services - Salaries					\$29,180		\$29,180		\$29,180
92300 Employee Benefit Contributions - Tenant Services					\$23,057		\$23,057		\$23,057
92400 Tenant Services - Other	\$17,449						\$17,449		\$17,449
92500 Total Tenant Services	\$17,449	\$0	\$0	\$0	\$52,237	\$0	\$69,686	\$0	\$69,686

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**CHILlicoTHE METROPOLITAN HOUSING AUTHORITY**  
**PROJECTS- NET ASSETS**  
**FDS SCHEDULE SUBMITTED TO HUD**  
**PROPRIETARY FUND TYPE, ENTERPRISE FUND**  
**September 30, 2012**

	Project Total	14.871 Housing Choice Vouchers	8 Other Federal Program 1	9 Other Federal Program 2	91 Other Federal Program 3	COCC	Subtotal	ELIM	Total
93100 Water	\$60,290					\$998	\$61,288		\$61,288
93200 Electricity	\$180,952					\$12,364	\$193,316		\$193,316
93300 Gas	\$14,157					\$1,827	\$15,984		\$15,984
93600 Sewer	\$62,787					\$805	\$63,592		\$63,592
93000 Total Utilities	\$318,186	\$0	\$0	\$0	\$0	\$15,994	\$334,180	\$0	\$334,180
94100 Ordinary Maintenance and Operations - Labor	\$129,667						\$129,667		\$129,667
94200 Ordinary Maintenance and Operations - Materials and Other	\$103,162					\$525	\$103,687		\$103,687
94300 Ordinary Maintenance and Operations Contracts	\$379,991	\$128				\$22,551	\$402,670	-\$38,570	\$364,100
94500 Employee Benefit Contributions - Ordinary Maintenance	\$86,767						\$86,767		\$86,767
94000 Total Maintenance	\$699,587	\$128	\$0	\$0	\$0	\$23,076	\$722,791	-\$38,570	\$684,221
96110 Property Insurance	\$75,680					\$5,544	\$81,224		\$81,224
96130 Workmen's Compensation	\$7,552					\$8,039	\$15,591		\$15,591
96100 Total insurance Premiums	\$83,232	\$0	\$0	\$0	\$0	\$13,583	\$96,815	\$0	\$96,815
96200 Other General Expenses		\$8,028					\$8,028		\$8,028
96210 Compensated Absences	\$1,301						\$1,301		\$1,301
96300 Payments in Lieu of Taxes	\$34,566						\$34,566		\$34,566
96400 Bad debt - Tenant Rents	\$51,186						\$51,186		\$51,186
96000 Total Other General Expenses	\$87,053	\$8,028	\$0	\$0	\$0	\$0	\$95,081	\$0	\$95,081
96900 Total Operating Expenses	\$1,730,362	\$301,624	\$0	\$0	\$52,237	\$412,555	\$2,496,778	-\$412,915	\$2,083,863
97000 Excess of Operating Revenue over Operating Expenses	\$615,681	\$2,204,311	\$0	\$0	\$0	\$925	\$2,820,917	\$0	\$2,820,917
97100 Extraordinary Maintenance	\$5,080						\$5,080		\$5,080
97200 Casualty Losses - Non-capitalized	\$6,778						\$6,778		\$6,778
97300 Housing Assistance Payments		\$2,218,177		\$235,190			\$2,453,367		\$2,453,367
97400 Depreciation Expense	\$642,631		\$54,588			\$24,383	\$721,602		\$721,602
90000 Total Expenses	\$2,384,851	\$2,519,801	\$54,588	\$235,190	\$52,237	\$436,938	\$5,683,605	-\$412,915	\$5,270,690

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**CHILlicoTHE METROPOLITAN HOUSING AUTHORITY**  
**PROJECTS- NET ASSETS**  
**FDS SCHEDULE SUBMITTED TO HUD**  
**PROPRIETARY FUND TYPE, ENTERPRISE FUND**  
**September 30, 2012**

	Project Total	14.871 Housing Choice Vouchers	8 Other Federal Program 1	9 Other Federal Program 2	91 Other Federal Program 3	COCC	Subtotal	ELIM	Total
10091 Inter Project Excess Cash Transfer In	\$148,294						\$148,294		\$148,294
10092 Inter Project Excess Cash Transfer Out	-\$148,294						-\$148,294		-\$148,294
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$38,808	-\$13,866	-\$54,588	-\$235,190	\$0	-\$23,458	-\$365,910	\$0	-\$365,910
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$7,270,742	\$625,282	\$1,167,517	\$230,828	\$0	\$656,863	\$9,951,232		\$9,951,232
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	-\$4,362		\$4,362			\$0		\$0
11170 Administrative Fee Equity		\$366,880					\$366,880		\$366,880
11180 Housing Assistance Payments Equity		\$240,174					\$240,174		\$240,174
11190 Unit Months Available	4620	5460		653		0	10733		10733
11210 Number of Unit Months Leased	4421	5231		653		0	10305		10305
11270 Excess Cash	\$427,797						\$427,797		\$427,797
11640 Furniture & Equipment - Administrative Purchases	\$24,996					\$0	\$24,996		\$24,996
11650 Leasehold Improvements Purchases	\$404,112					\$0	\$404,112		\$404,112

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**CHILlicoTHE METROPOLITAN HOUSING AUTHORITY**  
**PROJECTS- NET ASSETS**  
**FDS SCHEDULE SUBMITTED TO HUD**  
**PROPRIETARY FUND TYPE, ENTERPRISE FUND**  
**September 30, 2012**

	OH024000010	OH024000020	OH024000030	OH024000040	OH024009999	OTHER PROJ	Total
111 Cash - Unrestricted	\$162,664	\$70,062	\$203,612	\$259,485			\$695,823
113 Cash - Other Restricted			\$18,694	\$7,889			\$26,583
114 Cash - Tenant Security Deposits	\$16,701	\$4,950	\$11,075	\$12,300			\$45,026
100 Total Cash	\$179,365	\$75,012	\$233,381	\$279,674	\$0	\$0	\$767,432
126 Accounts Receivable - Tenants	\$5,756	\$2,026	\$8,555	\$22,972			\$39,309
126.1 Allowance for Doubtful Accounts -Tenants	-\$3,500	-\$2,000	-\$4,000	-\$15,000	\$0		-\$24,500
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$2,256	\$26	\$4,555	\$7,972	\$0	\$0	\$14,809
142 Prepaid Expenses and Other Assets	\$2,139	\$826	\$5,715	\$4,019			\$12,699
143 Inventories	\$9,384	\$4,806	\$10,271	\$16,189			\$40,650
150 Total Current Assets	\$193,144	\$80,670	\$253,922	\$307,854	\$0	\$0	\$835,590
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	\$70,081	\$27,406	\$52,838	\$2,185			\$152,510
164 Furniture, Equipment & Machinery - Administration	\$52,609	\$9,943	\$40,681	\$25,634			\$128,867
165 Leasehold Improvements	\$3,610,081	\$560,875	\$3,112,522	\$4,647,069			\$11,930,547
166 Accumulated Depreciation	-\$4,342,849	-\$1,964,663	-\$3,677,525	-\$5,037,753			-\$15,022,790
167 Construction in Progress							
168 Infrastructure							
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,236,810	\$680,118	\$2,915,473	\$1,818,244	\$0	\$0	\$6,650,645
180 Total Non-Current Assets	\$1,236,810	\$680,118	\$2,915,473	\$1,818,244	\$0	\$0	\$6,650,645
190 Total Assets	\$1,429,954	\$760,788	\$3,169,395	\$2,126,098	\$0	\$0	\$7,486,235

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**CHILlicoTHE METROPOLITAN HOUSING AUTHORITY**  
**PROJECTS- NET ASSETS**  
**FDS SCHEDULE SUBMITTED TO HUD**  
**PROPRIETARY FUND TYPE, ENTERPRISE FUND**  
**September 30, 2012**

	OH024000010	OH024000020	OH024000030	OH024000040	OH024009999	OTHER PROJ	Total
312 Accounts Payable <= 90 Days	\$32,903	\$18,161	\$19,432	\$16,840			\$87,336
321 Accrued Wage/Payroll Taxes Payable	\$1,684	\$923	\$1,195	\$2,171			\$5,973
333 Accounts Payable - Other Government	\$49,375	\$18,708	\$5,301	\$4,919			\$78,303
341 Tenant Security Deposits	\$16,701	\$4,950	\$11,075	\$12,300			\$45,026
310 Total Current Liabilities	\$100,663	\$42,742	\$37,003	\$36,230	\$0	\$0	\$216,638
353 Non-current Liabilities - Other			\$18,694	\$7,889			\$26,583
354 Accrued Compensated Absences - Non Current	\$3,302	\$1,670	\$2,390	\$3,718			\$11,080
350 Total Non-Current Liabilities	\$3,302	\$1,670	\$21,084	\$11,607	\$0	\$0	\$37,663
300 Total Liabilities	\$103,965	\$44,412	\$58,087	\$47,837	\$0	\$0	\$254,301
508.1 Invested In Capital Assets, Net of Related Debt	\$1,236,810	\$680,118	\$2,915,473	\$1,818,244			\$6,650,645
511.1 Restricted Net Assets							
512.1 Unrestricted Net Assets	\$89,179	\$36,258	\$195,835	\$260,017	\$0	\$0	\$581,289
513 Total Equity/Net Assets	\$1,325,989	\$716,376	\$3,111,308	\$2,078,261	\$0	\$0	\$7,231,934
600 Total Liabilities and Equity/Net Assets	\$1,429,954	\$760,788	\$3,169,395	\$2,126,098	\$0	\$0	\$7,486,235

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**CHILlicoTHE METROPOLITAN HOUSING AUTHORITY**  
**PROJECTS- NET ASSETS**  
**FDS SCHEDULE SUBMITTED TO HUD**  
**PROPRIETARY FUND TYPE, ENTERPRISE FUND**  
**September 30, 2012**

	OH024000010	OH024000020	OH024000030	OH024000040	OH024009999	OTHER PROJ	Total
70300 Net Tenant Rental Revenue	\$321,724	\$127,547	\$116,121	\$60,976			\$626,368
70400 Tenant Revenue - Other	\$7,569	\$2,793	\$5				\$10,367
70500 Total Tenant Revenue	\$329,293	\$130,340	\$116,126	\$60,976	\$0	\$0	\$636,735
70600 HUD PHA Operating Grants	\$192,151	\$98,670	\$399,885	\$570,875			\$1,261,581
70610 Capital Grants	\$36,359	\$4,103	\$84,682	\$303,964			\$429,108
71100 Investment Income - Unrestricted	\$2	\$1	\$1	\$2			\$6
71500 Other Revenue	\$990	\$280	\$3,427	\$14,660			\$19,357
71600 Gain or Loss on Sale of Capital Assets			-\$744				-\$744
70000 Total Revenue	\$558,795	\$233,394	\$603,377	\$950,477	\$0	\$0	\$2,346,043
91100 Administrative Salaries	\$17,409	\$8,985	\$12,606	\$19,998			\$58,998
91200 Auditing Fees	\$3,140	\$1,201	\$2,216	\$2,678			\$9,235
91300 Management Fee	\$72,656	\$26,445	\$58,881	\$91,273			\$249,255
91310 Book-keeping Fee	\$11,340	\$4,238	\$8,145	\$9,435			\$33,158
91400 Advertising and Marketing	\$504	\$193	\$356	\$430			\$1,483
91500 Employee Benefit contributions - Administrative	\$9,598	\$7,181	\$6,789	\$15,103			\$38,671
91600 Office Expenses	\$22,532	\$14,248	\$14,370	\$26,157			\$77,307
91700 Legal Expense	\$1,977	\$1,033	\$2,596	\$3,816			\$9,422
91800 Travel				\$170			\$170
91900 Other	\$358	\$134	\$228	\$236			\$956
91000 Total Operating - Administrative	\$139,514	\$63,658	\$106,187	\$169,296	\$0	\$0	\$478,655
92000 Asset Management Fee	\$15,600	\$5,880	\$11,400	\$13,320			\$46,200
92400 Tenant Services - Other	\$5,328	\$1,769	\$3,867	\$6,485			\$17,449
92500 Total Tenant Services	\$5,328	\$1,769	\$3,867	\$6,485	\$0	\$0	\$17,449
93100 Water	\$14,955	\$8,809	\$26,349	\$10,177			\$60,290
93200 Electricity	\$108,615	\$46,884	\$9,075	\$16,378			\$180,952
93300 Gas		\$3,597	\$3,670	\$6,890			\$14,157
93600 Sewer	\$14,610	\$7,644	\$30,852	\$9,681			\$62,787
93700 Employee Benefit Contributions - Utilities							
93800 Other Utilities Expense							
93000 Total Utilities	\$138,180	\$66,934	\$69,946	\$43,126	\$0	\$0	\$318,186
94100 Ordinary Maintenance and Operations - Labor	\$36,538	\$19,208	\$29,307	\$44,614			\$129,667
94200 Ordinary Maintenance and Operations - Materials and Other	\$29,198	\$9,218	\$22,061	\$42,685			\$103,162
94300 Ordinary Maintenance and Operations Contracts	\$127,150	\$42,687	\$77,220	\$132,934			\$379,991
94500 Employee Benefit Contributions - Ordinary Maintenance	\$26,914	\$13,686	\$16,935	\$29,232			\$86,767
94000 Total Maintenance	\$219,800	\$84,799	\$145,523	\$249,465	\$0	\$0	\$699,587

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**CHILlicoTHE METROPOLITAN HOUSING AUTHORITY**  
**PROJECTS- NET ASSETS**  
**FDS SCHEDULE SUBMITTED TO HUD**  
**PROPRIETARY FUND TYPE, ENTERPRISE FUND**  
**September 30, 2012**

	OH024000010	OH024000020	OH024000030	OH024000040	OH024009999	OTHER PROJ	Total
96110 Property Insurance	\$12,823	\$4,949	\$33,961	\$23,947			\$75,680
96130 Workmen's Compensation	\$2,437	\$1,068	\$1,661	\$2,386			\$7,552
96100 Total insurance Premiums	\$15,260	\$6,017	\$35,622	\$26,333	\$0	\$0	\$83,232
96210 Compensated Absences		\$403		\$898			\$1,301
96300 Payments in Lieu of Taxes	\$17,788	\$6,554	\$8,195	\$2,029			\$34,566
96400 Bad debt - Tenant Rents	\$13,499	\$4,931	\$9,876	\$22,880			\$51,186
96000 Total Other General Expenses	\$31,287	\$11,888	\$18,071	\$25,807	\$0	\$0	\$87,053
96900 Total Operating Expenses	\$564,969	\$240,945	\$390,616	\$533,832	\$0	\$0	\$1,730,362
97000 Excess of Operating Revenue over Operating Expenses	-\$6,174	-\$7,551	\$212,761	\$416,645	\$0	\$0	\$615,681
97100 Extraordinary Maintenance	\$1,946	\$308	\$1,810	\$1,016			\$5,080
97200 Casualty Losses - Non-capitalized	\$3,939	\$53	\$568	\$2,218			\$6,778
97400 Depreciation Expense	\$151,750	\$79,694	\$231,846	\$179,341			\$642,631
90000 Total Expenses	\$722,604	\$321,000	\$624,840	\$716,407	\$0	\$0	\$2,384,851
10091 Inter Project Excess Cash Transfer In	\$114,923	\$33,371					\$148,294
10092 Inter Project Excess Cash Transfer Out			-\$61,096	-\$87,198			-\$148,294
10100 Total Other financing Sources (Uses)	\$114,923	\$33,371	-\$61,096	-\$87,198	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	-\$48,886	-\$54,235	-\$82,559	\$146,872	\$0	\$0	-\$38,808
11030 Beginning Equity	\$1,374,875	\$770,611	\$3,193,867	\$1,931,389	\$0	\$0	\$7,270,742
11190 Unit Months Available	1560	588	1140	1332	0		4620
11210 Number of Unit Months Leased	1512	565	1086	1258	0		4421
11270 Excess Cash	\$45,554	\$17,151	\$158,264	\$206,828	\$0	\$0	\$427,797
11640 Furniture & Equipment - Administrative Purchases	\$0	\$0	\$24,996	\$0	\$0	\$0	\$24,996
11650 Leasehold Improvements Purchases	\$36,359	\$4,103	\$59,686	\$303,964	\$0	\$0	\$404,112

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**CHILlicoTHE METROPOLITAN HOUSING AUTHORITY  
ROSS COUNTY, OHIO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

<b>Federal Grantor/ Pass Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>
<b><u>U.S. Department of Housing and Urban Development</u></b>		
<i>Direct Programs:</i>		
Public and Indian Housing	14.850	\$ 1,175,182
Public Housing Capital Fund Program (Cluster)		
Public Housing Capital Fund	14.872	453,703
ARRA- Public Housing Capital Fund Stimulus	14.885	<u>61,804</u>
Total Public Housing Capital Fund Program		515,507
Section 8 Housing Choice Vouchers	14.871	2,487,817
Resident Opportunity & Support Services- Service Coordinators	14.870	<u>52,237</u>
<b>Total Direct Awards</b>		<u>4,230,743</u>
<b>Total U.S. Department of Housing and Urban Development</b>		<u>4,230,743</u>
<b>Total Federal Expenditures</b>		<u>\$ 4,230,743</u>

**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.

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**CHILLCOTHE METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST**  
**September 30, 2012**

1. The total amount of Modernization Cost of the Modernization Grant, is as shown below:

<u>Modernization Project Number: OH16P024501-07</u>	
Original Funds Approved	\$571,760
Funds Disbursed	571,760
Funds Expended (Actual Modernization Cost)	571,760
Amount to be Recaptured	0
Excess of Funds Disbursed	0

<u>Modernization Project Number: OH16P024501-08</u>	
Original Funds Approved	\$581,290
Funds Disbursed	581,290
Funds Expended (Actual Modernization Cost)	581,290
Amount to be Recaptured	0
Excess of Funds Disbursed	0

<u>Modernization Project Number: OH16S024501-09</u>	
Original Funds Approved	\$735,798
Funds Disbursed	735,798
Funds Expended (Actual Modernization Cost)	735,798
Amount to be Recaptured	0
Excess of Funds Disbursed	0

2. All modernization work in connection with the Comprehensive Grant has been completed.
3. The entire Actual Modernization Cost or liabilities therefore incurred by the MHA have been fully paid.
4. There are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and
5. The time in which such liens could be filed has expired.

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# Whited Seigneur Sams & Rahe, LLP

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June 14, 2013

Members of the Board of Commissioners  
Chillicothe Metropolitan Housing Authority

## **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**

We have audited the financial statements of the business-type activities, of Chillicothe Metropolitan Housing Authority, Ross County, Ohio, (the Authority) as of and for the year ended September 30, 2012, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 14, 2013. 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 the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion 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, 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the 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 the 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 the 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*.

We noted certain matters that we reported to management of the Authority in a separate letter dated June 14, 2013.

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

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE CPAs, LLP

A handwritten signature in cursive script that reads "Whited Seigneur Sams & Rahe".

# Whited Seigneur Sams & Rahe, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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Nathan C. Baldwin, CPA

June 14, 2013

Members of the Board of Commissioners  
Chillicothe Metropolitan Housing Authority

## **Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133**

### **Compliance**

We have audited the compliance of Chillicothe Metropolitan Housing Authority (the Authority) with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2012. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Authority's management. 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 contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that 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 the 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 on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2012.

### **Internal Control Over Compliance**

The management of the 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 the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program 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 the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect 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.

Our consideration of internal control over compliance 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 compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE CPAs, LLP

A handwritten signature in black ink that reads "Whited Seigneur Sams & Rahe". The signature is written in a cursive, flowing style.

**CHILICOTHE METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 SECTION .505  
SEPTEMBER 30, 2012**

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

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant control deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant 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):	CFDA #14.871 Section 8 Housing Choice Vouchers
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	\$300,000
(d)(1)(ix)	Low Risk Auditee?	No

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

None.

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

None.

**CHILlicoTHE METROPOLITAN HOUSING AUTHORITY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
SEPTEMBER 30, 2012**

**Finding #0426-2011-1 Reporting**

Condition:

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

Management's Response:

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.

Status: Corrected

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# 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  
AUGUST 15, 2013**