Perry Metropolitan Housing Authority

Financial Statements

For the Year Ended December 31, 2012

Dave Yost • Auditor of State

Board of Commissioners
Perry Metropolitan Housing Authority
28 Brown Circle Drive
Crooksville, Ohio 43731

We have reviewed the *Independent Auditor's Report* of the Perry Metropolitan Housing Authority, Perry County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period January 1, 2012 through December 31, 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 Perry Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Dave Yost
Auditor of State

October 8, 2013

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PERRY METROPOLITAN HOUSING AUTHORITY
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2012

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Perry Metropolitan Housing Authority

I have audited the accompanying financial statements of the business-type activities of Perry Metropolitan Housing Authority, Ohio, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Perry Metropolitan Housing Authority as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 13 to the financial statements, during the year ended December 31, 2012, the Authority has adopted the provisions of Governmental Accounting Standards No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* and *No.* 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Perry Metropolitan Housing Authority, Ohio's basic financial statements. The accompanying combining financial data schedule ("FDS"), and Schedule of Expenditure of Federal Awards are not a required part of the basic financial statements.

The accompanying Schedule of Expenditure of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government and Non-Profit Organizations* and is not a required part of the financial statements. The combining financial data schedule ("FDS") is presented for purposes of additional analysis as required by the Department of Housing and Urban Development and are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Schedule of Expenditure of Federal Awards and the combining financial data schedule ("FDS") are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated July 26, 2013, on my consideration of the Authority's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of my internal control testing over financial reporting and compliance, and the results of that testing, and does not opine 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* in considering the Entity's internal control over financial reporting and compliance.

Salvatore Consiglio

Digitally signed by Salvatore Consiglio
DN: cn=Salvatore Consiglio, o=Salvatore Consiglio, CPA, Inc., ou, email=sconsiglio@salcpa.com, c=US
Date: 2013.07.29 17:46:37 -04'00'

Salvatore Consiglio, CPA, Inc.
North Royalton, Ohio
July 26, 2013

PERRY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012

Unaudited

The Perry Metropolitan Housing Authority's ("the Authority") Management's Discussion and Analysis (MD&A) is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's position, and (d) identify individual fund issues of concerns.

Since the MD&A is designed to focus of the 2012 year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statement.

FINANCIAL HIGHLIGHTS

- Total revenues: FYE 12/31/11: $1,729,105 Increase of $132,200 (7.7%)
  FYE 12/31/12: $1,861,305

- Total expenses: FYE 12/31/11: $1,908,459 Decrease of $75,288 (3.9%)
  FYE 12/31/12: $1,833,171

USING THIS ANNUAL REPORT

This is a different presentation of the Authority's previous financial statements. The following graphic outlines these changes and are provided for your review:

M D & A -Management Discussion and Analysis-
Basic Financial Statements -Statement of Net Position- -Statement of Revenues, Expenses and Changes in Net Position- -Statement of Cash Flows- -Notes to Financial Statements-

The clearly preferable 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 or Authority to Authority) and enhance the Authority's accountability.

Authority financial Statements

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

These Statements include a Statement of Net Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The Statement is presented in the format where assets, minus liabilities, equal "Net Position", formerly known as net assets. 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 Position (the "Unrestricted Net Position") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Position (formerly net assets) is reported in three broad categories:

> Net Investment in Capital Assets: This component of Net Position consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, constructions, or improvement of those assets.
>
> Restricted Net Position: This component of Net Position consists of restricted assets, when constraints are placed on the asset by creditor (such as debt covenants), grantors, contributors, laws, regulations, etc.
>
> Unrestricted Net Position: Consists of Net Position that do not meet the definition of "Net Position Invested in Capital Assets, Net of Related Debt", or "Restricted Net Position".

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

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

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

The authority consists of exclusively Enterprise Funds. Enterprise Funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting.

AUTHORITY PROGRAMS

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

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

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

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

Other Business Activity – Tracking of the Supported Living Program (Perry County DD) activity.

AUTHORITY STATEMENTS

Statement of Net Position

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

PERRY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012

Unaudited

TABLE 1
STATEMENT OF NET POSITION

		2012		2011
Current Assets	$	778,489	$	899,826
Capital Assets		3,043,552		2,914,961
Notes, loans & mortgages receivable - non current		154,277		158,613
Total Assets	$	3,976,318	$	3,973,400
Current Liabilities	$	113,753	$	127,663
Long-Term Liabilities		88,482		99,788
Total Liabilities		202,235		227,451
Net Position:				
Net Investment in Capital Assets		3,042,177		2,982,134
Restricted Net Position		53,861		211,871
Unrestricted Net Position		678,045		551,944
Total Net Position		3,774,083		3,745,949
Total Liabilities and Net Position	$	3,976,318	$	3,973,400

Major Factors Affecting the Statement of Net Position

During 2012, current assets decreased by $121,337, and current liabilities decreased by $13,910. The decrease in current assets is mainly due to the change in cash due to the result of current activities. The decrease in liability is due to the elimination of payables.

Capital assets also changed, increasing from $2,914,961 to $3,043,552. The $128,591 increase may be contributed primarily to a combination of total acquisitions of $350,455 less current year depreciation of $221,864.

Unaudited

The following table presents details on the change in Net Position.

TABLE 2

CHANGE OF NET POSITION

	Unrestricted	Restricted	Investment in Capital Assets
Beginning Balance - January 1, 2012	$ 551,944	$ 211,871	$ 2,982,134
Results of Operation	186,144	(158,010)	-
Adjustments:			
Current Year Depreciation Expense (1)	221,864	-	(221,864)
Capital Expenditure (2)	(350,455)	-	350,455
Current Year Net Debt Issued and Retired	1,889	-	(1,889)
Transfer between Net Position	66,659	-	(66,659)
Ending Balance - December 31, 2012	$ 678,045	$ 53,861	$ 3,042,177

(1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Position.

(2) Capital expenditures represent an outflow of unrestricted net position, but are not treated as an expense against Results of Operations, and therefore must be deducted.

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Position provides a clearer presentation of financial position.

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

TABLE 3

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	2012	2011
Revenues		
Total Tenant Revenues	$ 271,531	$ 279,053
Operating Subsidies	1,229,942	1,288,382
Capital Grants	324,716	110,777
Investment Income	3,315	4,255
Other Revenues	31,801	46,638
Total Revenues	**1,861,305**	**1,729,105**
Expenses		
Administrative	283,258	276,150
Tenant Services	3,257	8,424
Utilities	140,379	130,657
Maintenance	296,805	300,509
General and Interest Expenses	99,196	100,109
Housing Assistance Payments	788,412	808,471
Depreciation	221,864	284,139
Total Expenses	**1,833,171**	**1,908,459**
Net Increases (Decreases)	**$ 28,134**	**$ (179,354)**

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

Operating Subsidy reflects a decrease of $58,440 due to receiving less Operating Grant Funds from HUD. Capital grants increased $213,939 due to increased capital improvement projected during the year. Total expenses decreased $75,288 due mainly to decreases in housing assistance payments, maintenance costs and depreciation.

CAPITAL ASSETS

As of year-end, the Authority had $3,044,760 invested in a variety of capital assets as reflected in the following schedule, which represents a net increase of $129,799 or 4.45% from the end of 2011. This decrease was due to capital improvements to buildings and depreciation expense.

TABLE 4

CAPITAL ASSETS AT YEAR-END (NET OF DEPRECIATION)

	2012	2011
Land and Land Rights	$ 250,219	$ 250,219
Buildings	7,191,658	6,972,271
Equipment	455,098	427,199
Leasehold Improvement	1,802,040	1,722,119
Accumulated Depreciation	(6,655,463)	(6,456,847)
Total	$ 3,043,552	$ 2,914,961

The following reconciliation identifies the change in Capital Assets:

TABLE 5

CHANGE IN CAPITAL ASSETS

Beginning Balance - January 1, 2012	$ 2,914,961
Current Year Additions	350,455
Current Year Depreciation Expense	(221,864)
Ending Balance - December 31, 2012	$ 3,043,552

Unaudited

Current Year Additions are summarized as follows:		
Windows/Doors/Siding Replacement	$	299,307
Office equipment and vehicle		51,148
Total 2012 Additions	$	350,455

DEBT OUTSTANDING

As of 12/31/2012 the Authority has $85,466 in outstanding debt.

Table 6

Condensed Statement of Changes in Debt Outstanding

Beginning Balance - January 1, 2012	$	91,440
Current Year Loan Retirements		(5,974)
Ending Balance - December 31, 2012	$	85,466

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

Federal funding provided by Congress to the Department of Housing and Urban Development

Local labor supply and demand, which can affect salary and wage rates

Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income

Inflationary pressure on utility rates, supplies and other costs

IN CONCLUSION

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

FINANCIAL CONTACT

If you have any questions regarding this report, you may contact Michael Hankinson, Executive Director of the Perry Metropolitan Housing Authority at (740) 982-5991.

Perry Metropolitan Housing Authority
Statement of Net Position
Proprietary Funds
December 31, 2012

ASSETS	
Current assets	
Cash and cash equivalents	$620,488
Restricted cash and cash equivalents	87,458
Receivables, net	21,875
Inventories, net	10,587
Prepaid and other assets	38,081
Total current assets	**778,489**
Noncurrent assets	
Capital assets:	
Land	250,219
Building and equipment	9,448,796
Less accumulated depreciation	(6,655,463)
Capital assets, net	3,043,552
Other noncurrent assets	154,277
Total noncurrent assets	***3,197,829***
Total assets	**$3,976,318**
LIABILITIES	
Current liabilities	
Accounts payable	$10,085
Accrued liabilities	45,478
Intergovernmental payables	13,073
Tenant security deposits	28,822
Deferred revenue	9,995
Bonds, notes, and loans payable	6,300
Total current liabilities	***$113,753***

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

Perry Metropolitan Housing Authority
Statement of Net Position (Continued)
Proprietary Funds
December 31, 2012

Noncurrent liabilities	
Bonds, notes, and loans payable	$79,166
Accrued compensated absences non-current	4,541
Noncurrent liabilities - other	4,775
Total noncurrent liabilities	***88,482***
Total liabilities	**202,235**
NET POSITION	
Net investments in capital assets	3,042,177
Restricted	53,861
Unrestricted	678,045
Total net position	**3,774,083**
Total liabilities and net position	**$3,976,318**

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

Perry Metropolitan Housing Authority
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2012

OPERATING REVENUES	
Tenant Revenue	$271,531
Government operating grants	1,229,942
Other revenue	31,801
Total operating revenues	**1,533,274**
OPERATING EXPENSES	
Administrative	283,258
Tenant services	3,257
Utilities	140,379
Maintenance	296,805
Insurance	37,884
General	61,134
Housing assistance payment	788,412
Depreciation	221,864
Total operating expenses	***1,832,993***
Operating income (loss)	**(299,719)**
NONOPERATING REVENUES (EXPENSES)	
Interest and investment revenue	3,315
Interest expense	(178)
Total nonoperating revenues (expenses)	***3,137***
Income (loss) before contributions and transfers	(296,582)
Capital grants	324,716
Change in net position	28,134
Total net position - beginning	3,745,949
Total net position - ending	**$3,774,083**

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

Perry Metropolitan Housing Authority
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating grants received	$1,230,955
Tenant revenue received	269,925
Other revenue received	31,801
General and administrative expenses paid	(843,142)
Housing assistance payments	(788,412)
Net cash provided (used) by operating activities	**(98,873)**
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earned	3,315
Note receivable proceeds	4,336
Net cash provided (used) by investing activities	**7,651**
CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES	
Capital grant funds received	324,716
Interest Expense	(178)
Debt principal payment	(5,974)
Property and equipment purchased	(350,455)
Net cash provided (used) by capital and related activities	**(31,891)**
Net increase (decrease) in cash	(123,113)
Cash and cash equivalents - Beginning of year	831,059
Cash and cash equivalents - End of year	***$707,946***

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

Perry Metropolitan Housing Authority
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended December 31, 2012

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Net Operating Income (Loss)	($299,719)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities	
- Depreciation	221,864
- (Increases) Decreases in Accounts Receivable	(3,394)
- (Increases) Decreases in Inventory	1,717
- (Increases) Decreases in Prepaid Assets	(99)
- Increases (Decreases) in Accounts Payable	700
- Increases (Decreases) in Accrued Expenses Payable	(15,512)
- Increases (Decreases) in Intergovernmental Payable	(6,751)
- Increases (Decreases) in Deferred Revenue	1,013
- Increases (Decreases) in Tenant Security Deposits	452
- Increases (Decreases) in Non-Current Liabilities Other	856
Net cash provided by operating activities	***($98,873)***

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The Perry 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.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

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 Position, a statement of revenue, expenses and changes 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.

NOTE 1: <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u> (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.

<u>Description of programs</u>

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

A. **<u>Public Housing Program</u>**

The Public Housing Program is designed to provide low-cost housing within the Perry 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.

B. **<u>Capital Fund Program</u>**

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

C. **<u>Housing Choice Voucher Program</u>**

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.

D. **<u>Business Activity</u>**

The Business Activity Program represents MR/DD Supported Living Program activities. The revenue and expenses for these services are identified and tracked separate from the HUD activities.

Accounting and Reporting for Non-exchange Transactions

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

PHA grants and subsidies will be defined as government-mandated or voluntary nonexchange transactions. GASB 33 establishes two distinct standards depending upon the kind of stipulation imposed by the provider.

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Deferred Revenue

Deferred revenue arises when revenues are received before revenue recognition criteria have been satisfied.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond December 31, 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.

Investments

Investments are restricted by the provisions of the HUD Regulations (See Note 2). Investments are valued at market value. Interest income earned in fiscal year 2012 totaled $3,315.

Capital Assets

Capital assets are stated at cost and depreciation is computed using the straight line method over an estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized. The capitalization policy is $750. The following are the useful lives used for depreciation purposes:

Buildings – residential	27.5
Buildings – non residential	40
Building improvements	15
Furniture – dwelling	7
Furniture – non-dwelling	7
Equipment – dwelling	5
Equipment – non-dwelling	7
Autos and trucks	5
Computer hardware & software	3
Leasehold improvements	15

NOTE 1: <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u> (Continued)

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets – net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are recorded as restricted when there are limitations imposed on their use by 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. Operating expenses are those expenses that are generated from the primary activity of the proprietary fund.

Capital Contributions

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

Cash and Cash Equivalents

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

Compensated Absences

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

	Current Accrued Compensated Absence	Long-Term Accrued Compensated Absence	Total Accrued Compensated Absence
Public Housing	$1,557	$0	$1,557
Section 8	398	0	398
Central Office	23,403	4,541	27,944
Total	$25,358	$4,541	$29,899

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

	Balance 12/31/11	Increase	Decrease	Balance 12/31/12	Due Within One Year
Total Compensated Absence Liability	$43,483	$40,112	$53,696	$29,899	$25,358

Inventories

Inventory valued of $10,587 in the financial statements is stated at net of obsolete balance. The allowance for obsolete inventory was $1,180 at December 31, 2012.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables – net of allowance

Total receivable as December 31, 2012 is $21,875. This amount is net from the allowance of doubtful account of $4,500. Bad debts are provided on the allowance method based on management's evaluation of the probability of collecting the outstanding tenant receivable balances at the end of the year.

Budgetary Accounting

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

Estimates

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

NOTE 2: DEPOSITS AND INVESTMENTS

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

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

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

NOTE 2: DEPOSITS AND INVESTMENTS (CONTINUED)

C. Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the 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 deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by collateral held by Authority or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

At fiscal year-end December 31, 2012, the carrying amount of the Authority's deposits totaled $707,946 and its bank balance was $775,610. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of December 31, 2012, $369,817 was exposed to custodial risk as discussed below, while $405,793 was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits.

NOTE 3: RESTRICTED CASH AND INVESTMENT

Restricted cash balance as of December 31, 2012 of $87,458 represents cash on hand for the following:

Tenant Security Deposit	$28,822
Cash held in FSS Escrow	$4,775
Cash on hand advance from HUD to be used for tenants housing assistance payments	$53,861

NOTE 4: CAPITAL ASSETS

The following is a summary of changes:

Description	Balance 12/31/11	Additions	Deletions	Balance 12/31/12
Capital Assets Not Depreciated:				
Land	$250,219	$0	$0	$250,219
Capital Assets Being Depreciated:				
Buildings and Improvements	8,694,390	299,307	-	8,993,697
Furniture and Equipment	427,199	51,149	23,249	455,099
Total Capital Assets Being Depreciated	9,121,589	350,456	23,249	9,448,796
Accumulated Depreciation:				
Buildings and Improvements	(6,111,929)	(199,108)	-	(6,311,037)
Furniture and Equipment	(344,919)	(22,756)	(23,249)	(344,426)
Total Accumulated Depreciation	(6,456,848)	(221,864)	(23,249)	(6,655,463)
Total Capital Assets Being Depreciation,net	2,664,741	128,592	-	2,793,333
Total Capital Assets, Net	$2,914,960	$128,592	$0	$3,043,552

NOTE 5: LONG-TERM DEBT

Long-term debt for the Perry Metropolitan Housing Authority's state/local activities consists of the following:

- Loan payment to People's National Bank dated September 1998 in the amount of $20,000, due in September 2013; interest rate 6.13%. Proceeds of the loan were used to purchase a property on Jackson Street. Balance as of December 31, 2012. $1,375.

NOTE 5: LONG-TERM DEBT (CONTINUED)

• Loan payment to North Valley Bank dated May 2002 in the amount of $84,311, due in August 2031; interest rate 4.99%. Proceeds of the loan were used to purchase a property on Somerset Road. Balance as of December 31, 2012.	65,928
• Loan payment to North Valley Bank dated November 2009 in the amount of $24,500, due in November 2019; interest rate 5.00%. Proceeds of the loan were used to purchase a property on State Route 669 NE. Balance as of December 31, 2012.	18,163
Total Outstanding Debt	85,466
Less Current Portion	(6,300)
Total Long-Term Debt	$79,166

The following is a summary of changes in long-term debt for the year ended December 31, 2012:

Description	Balance 12/31/11	Issued	Retired	Balance 12/31/12	Due Within One Year
Loan Payable	$91,440	$0	$5,974	$85,466	$6,300
TOTAL	$91,440	$0	$5,974	$85,466	$6,300

Maturities of the debt are as follows:

Years	Principle	Interest	Total
2013	$ 6,300	$ 4,081	$ 10,381
2014	4,787	3,824	8,611
2015	5,032	3,548	8,580
2016	5,289	3,321	8,610
2017	5,560	3,051	8,611
2018-2022	21,622	13,981	35,603
2023-2027	20,796	6,612	27,408
2028-2032	16,080	1,244	17,324
Total	$ 85,466	$ 39,662	$ 125,128

NOTE 6: NON-CURRENT LIABILITIES

The balance of non-current liabilities - other at December 31, 2012 consists of the following:

- FSS escrow funds relating to the Housing Choice Voucher program $4,775.

NOTE 7: MRDD PROJECT AGREEMENT

Perry Metropolitan Housing Authority and Perry County Board MRDD have a project agreement for a supported living program. The agreement outlines that any monies received by MRDD for supported living will be forwarded to the MHA to purchase real estate with homes previously constructed and title to the said real estate will be in the name of the MHA. MRDD clients will benefit from these real estate transactions. The real estate and monies will revert back to MRDD if the property is not being used by eligible persons. The notes payable and mortgage receivables (land contracts) on these acquisitions are in the name of the MHA. At the end of the fiscal year the Authority had $160,577 of mortgage receivable on the sale of land contract.

	Balance 12/31/11	Increase	Decrease	Balance 12/31/12	Due Within One Year
Mortgage Receivable	$165,113	$0	$4,536	$160,577	$6,300

NOTE 8: DEFINED BENEFIT PENSION PLANS

The Authority participates in the Ohio Public Employees Retirement System (OPERS). OPERS administer three separate pension plans as described below:

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

2. The Member-Direct Plan – A defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Direct Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions, plus any investment earnings.

3. The Combined Plan – A cost sharing, multiple-employer defined pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefits similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

NOTE 8: DEFINED BENEFIT PENSION PLANS -PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Direct Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2012, member and employer rates were consistent across all three plans. The 2012 member contribution rates were 10.0% for members 14.0% for employers of covered payroll. The Authority's required contributions to OPERS for the years ended December 31, 2012, 2011 and 2010 were $41,287, $41,665, and $40,250, respectively. The full amount has been contributed for 2010 and 2011. Ninety percent has been contributed for 2012, with the remainder being reported as a liability with the enterprise fund.

NOTE 9: POST- EMPLOYMENT BENEFITS

A. Plan Description

The Public Employees Retirement System of Ohio (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 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.

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.

NOTE 9: POST- EMPLOYMENT BENEFITS (Continued)

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 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. For 2012, the employer contribution allocated to the health care plan was 4.00 percent of covered payroll. 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 December 31, 2012, 2011 and 2010, which were used to fund post-employment benefits, were $12,498, $16,368 and $15,812, respectively.

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

NOTE 10: INSURANCE AND RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority participates in the State Housing Authorities Risk Pool (SHARP), a public entity risk plan that operates as a common risk management and insurance program for housing authorities. The Authority pays insurance premiums directly to SHARP.

The Authority continues to carry commercial insurance for other risks of loss. There has been no significant reduction in insurance coverage from coverage in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 11: SCHEDULE OF EXPENDITURE OF FEDERAL AWARD

The accompanying Schedule of Expenditures of Federal Awards is a summary of the activity of the District's federal awards programs. The schedule has been prepared on the accrual basis of accounting prescribed by the U.S. Department of Housing and Urban Development.

NOTE 12: CHANGE IN ACCOUNTING PRINCIPLE

In 2012, the Entity adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.*

GASB Statement No. 62, incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in Financial Accounting Standards Board (FASB) statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure issued on or before November 30, 1989 which does not conflict with or contradict GASB pronouncements.

GASB Statement No. 63 identifies net positions, rather than net assets, as the residual of all other elements presented in a statement of financial position. There was no effect on beginning net position/fund balance.

Perry Metropolitan Housing Authority

FDS Schedule Submitted to REAC

Proprietary Fund Type - Enterprise Fund

December 31, 2012

	Project Total	14.871 Housing Choice Vouchers	Business Activities	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	$259,927	$165,038	$21,428	$41,450	$487,843	$0	$487,843
113 Cash - Other Restricted	$0	$58,636	$0	$0	$58,636	$0	$58,636
114 Cash - Tenant Security Deposits	$28,822	$0	$0	$0	$28,822	$0	$28,822
100 Total Cash	$288,749	$223,674	$21,428	$41,450	$575,301	$0	$575,301
125 Accounts Receivable - Miscellaneous	$0	$0	$2,583	$0	$2,583	$0	$2,583
126 Accounts Receivable - Tenants	$2,769	$0	$0	$0	$2,769	$0	$2,769
126.1 Allowance for Doubtful Accounts -Tenants	($500)	$0	$0	$0	($500)	$0	($500)
127 Notes, Loans, & Mortgages Receivable - Current	$0	$0	$6,300	$0	$6,300	$0	$6,300
128 Fraud Recovery	$4,352	$7,774	$0	$0	$12,126	$0	$12,126
128.1 Allowance for Doubtful Accounts - Fraud	($725)	($3,275)	$0	$0	($4,000)	$0	($4,000)
129 Accrued Interest Receivable	$1,481	$0	$0	$1,116	$2,597	$0	$2,597
120 Total Receivables, Net of Allowances for Doubtful Accounts	$7,377	$4,499	$8,883	$1,116	$21,875	$0	$21,875
131 Investments - Unrestricted	$75,761	$0	$0	$56,884	$132,645	$0	$132,645
142 Prepaid Expenses and Other Assets	$22,247	$2,119	$0	$13,715	$38,081	$0	$38,081
143 Inventories	$0	$0	$0	$11,767	$11,767	$0	$11,767
143.1 Allowance for Obsolete Inventories	$0	$0	$0	($1,180)	($1,180)	$0	($1,180)
144 Inter Program Due From	$5,000	$0	$0	$3,493	$8,493	($8,493)	$0
150 Total Current Assets	$399,134	$230,292	$30,311	$127,245	$786,982	($8,493)	$778,489
161 Land	$228,579	$0	$15,640	$6,000	$250,219	$0	$250,219

Perry Metropolitan Housing Authority

FDS Schedule Submitted to REAC

Proprietary Fund Type - Enterprise Fund

December 31, 2012

	Project Total	14.871 Housing Choice Vouchers	Business Activities	COCC	Subtotal	ELIM	Total
162 Buildings	$7,095,541	$29,361	$34,500	$32,256	$7,191,658	$0	$7,191,658
163 Furniture, Equipment & Machinery - Dwellings	$218,215	$0	$0	$190,149	$408,364	$0	$408,364
164 Furniture, Equipment & Machinery - Administration	$32,681	$14,053	$0	$0	$46,734	$0	$46,734
165 Leasehold Improvements	$1,802,040	$0	$0	$0	$1,802,040	$0	$1,802,040
166 Accumulated Depreciation	($6,403,326)	($31,197)	($18,191)	($202,749)	($6,655,463)	$0	($6,655,463)
160 Total Capital Assets, Net of Accumulated Depreciation	$2,973,730	$12,217	$31,949	$25,656	$3,043,552	$0	$3,043,552
171 Notes, Loans and Mortgages Receivable - Non-Current	$0	$0	$154,277	$0	$154,277	$0	$154,277
180 Total Non-Current Assets	$2,973,730	$12,217	$186,226	$25,656	$3,197,829	$0	$3,197,829
190 Total Assets	$3,372,864	$242,509	$216,537	$152,901	$3,984,811	($8,493)	$3,976,318
312 Accounts Payable <= 90 Days	$6,211	$1,400	$1,196	$1,278	$10,085	$0	$10,085
321 Accrued Wage/Payroll Taxes Payable	$674	$170	$0	$12,483	$13,327	$0	$13,327
322 Accrued Compensated Absences - Current Portion	$1,557	$398	$0	$23,403	$25,358	$0	$25,358
333 Accounts Payable - Other Government	$13,073	$0	$0	$0	$13,073	$0	$13,073
341 Tenant Security Deposits	$28,822	$0	$0	$0	$28,822	$0	$28,822
342 Deferred Revenues	$9,995	$0	$0	$0	$9,995	$0	$9,995
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	$0	$0	$1,375	$0	$1,375	$0	$1,375
344 Current Portion of Long-term Debt - Operating Borrowings	$0	$0	$4,925	$0	$4,925	$0	$4,925
346 Accrued Liabilities - Other	$4,583	$0	$2,133	$77	$6,793	$0	$6,793

Perry Metropolitan Housing Authority

FDS Schedule Submitted to REAC

Proprietary Fund Type - Enterprise Fund

December 31, 2012

	Project Total	14.871 Housing Choice Vouchers	Business Activities	COCC	Subtotal	ELIM	Total
347 Inter Program - Due To	$0	$3,493	$0	$5,000	$8,493	($8,493)	$0
310 Total Current Liabilities	$64,915	$5,461	$9,629	$42,241	$122,246	($8,493)	$113,753
352 Long-term Debt, Net of Current - Operating Borrowings	$0	$0	$79,166	$0	$79,166	$0	$79,166
353 Non-current Liabilities - Other	$0	$4,775	$0	$0	$4,775	$0	$4,775
354 Accrued Compensated Absences - Non Current	$0	$0	$0	$4,541	$4,541	$0	$4,541
350 Total Non-Current Liabilities	$0	$4,775	$79,166	$4,541	$88,482	$0	$88,482
300 Total Liabilities	$64,915	$10,236	$88,795	$46,782	$210,728	($8,493)	$202,235
508.1 Invested In Capital Assets, Net of Related Debt	$2,973,730	$12,217	$30,574	$25,656	$3,042,177	$0	$3,042,177
511.1 Restricted Net Assets	$0	$53,861	$0	$0	$53,861	$0	$53,861
512.1 Unrestricted Net Assets	$334,219	$166,195	$97,168	$80,463	$678,045	$0	$678,045
513 Total Equity/Net Assets	$3,307,949	$232,273	$127,742	$106,119	$3,774,083	$0	$3,774,083
600 Total Liabilities and Equity/Net Assets	$3,372,864	$242,509	$216,537	$152,901	$3,984,811	($8,493)	$3,976,318
70300 Net Tenant Rental Revenue	$266,206	$0	$5,325	$0	$271,531	$0	$271,531
70400 Tenant Revenue - Other	$0	$0	$0	$0	$0	$0	$0
70500 Total Tenant Revenue	$266,206	$0	$5,325	$0	$271,531	$0	$271,531
70600 HUD PHA Operating Grants	$498,460	$731,482	$0	$0	$1,229,942	$0	$1,229,942

Perry Metropolitan Housing Authority
FDS Schedule Submitted to REAC
Proprietary Fund Type - Enterprise Fund

December 31, 2012

	Project Total	14.871 Housing Choice Vouchers	Business Activities	COCC	Subtotal	ELIM	Total
70610 Capital Grants	$324,716	$0	$0	$0	$324,716	$0	$324,716
70710 Management Fee	$0	$0	$0	$130,807	$130,807	($130,807)	$0
70730 Book Keeping Fee	$0	$0	$0	$22,269	$22,269	($22,269)	$0
70750 Other Fees	$0	$0	$0	$172,251	$172,251	($172,251)	$0
70800 Other Government Grants	$0	$0	$0	$0	$0	$0	$0
71100 Investment Income - Unrestricted	$1,663	$200	$30	$1,152	$3,045	$0	$3,045
71400 Fraud Recovery	$0	$9,727	$0	$0	$9,727	$0	$9,727
71500 Other Revenue	$8,117	$11,819	$2,133	$5	$22,074	$0	$22,074
72000 Investment Income - Restricted	$0	$270	$0	$0	$270	$0	$270
70000 Total Revenue	$1,099,162	$753,498	$7,488	$326,484	$2,186,632	($325,327)	$1,861,305
91100 Administrative Salaries	$39,197	$12,833	$0	$99,297	$151,327	$0	$151,327
91200 Auditing Fees	$3,539	$3,446	$1,275	$471	$8,731	$0	$8,731
91300 Management Fee	$104,181	$25,626	$1,000	$0	$130,807	($130,807)	$0
91310 Book-keeping Fee	$10,606	$11,663	$0	$0	$22,269	($22,269)	$0
91400 Advertising and Marketing	$429	$0	$0	$0	$429	$0	$429
91500 Employee Benefit contributions - Administrative	$13,706	$7,221	$0	$19,992	$40,919	$0	$40,919
91600 Office Expenses	$24,903	$11,964	$6	$10,692	$47,565	$0	$47,565
91700 Legal Expense	$3,017	$150	$0	$0	$3,167	$0	$3,167
91800 Travel	$1,584	$598	$0	$1,090	$3,272	$0	$3,272
91900 Other	$8,494	$13,638	$2,590	$3,126	$27,848	$0	$27,848
91000 Total Operating - Administrative	$209,656	$87,139	$4,871	$134,668	$436,334	($153,076)	$283,258

Perry Metropolitan Housing Authority

FDS Schedule Submitted to REAC

Proprietary Fund Type - Enterprise Fund

December 31, 2012

	Project Total	14.871 Housing Choice Vouchers	Business Activities	COCC	Subtotal	ELIM	Total
92400 Tenant Services - Other	$3,257	$0	$0	$0	$3,257	$0	$3,257
92500 Total Tenant Services	$3,257	$0	$0	$0	$3,257	$0	$3,257
93100 Water	$48,742	$0	$525	$867	$50,134	$0	$50,134
93200 Electricity	$44,879	$690	$551	$1,381	$47,501	$0	$47,501
93300 Gas	$1,286	$0	$426	$132	$1,844	$0	$1,844
93400 Fuel	$0	$0	$0	$0	$0	$0	$0
93600 Sewer	$40,571	$0	$0	$329	$40,900	$0	$40,900
93800 Other Utilities Expense	$0	$0	$0	$0	$0	$0	$0
93000 Total Utilities	$135,478	$690	$1,502	$2,709	$140,379	$0	$140,379
94100 Ordinary Maintenance and Operations - Labor	$0	$0	$0	$106,077	$106,077	$0	$106,077
94200 Ordinary Maintenance and Operations - Materials and Other	$57,451	$1,411	$3,035	$0	$61,897	$0	$61,897
94300 Ordinary Maintenance and Operations Contracts	$189,668	$1,200	$97	$15,379	$206,344	($172,251)	$34,093
94500 Employee Benefit Contributions - Ordinary Maintenance	$0	$0	$0	$94,738	$94,738	$0	$94,738
94000 Total Maintenance	$247,119	$2,611	$3,132	$216,194	$469,056	($172,251)	$296,805
96110 Property Insurance	$22,725	$0	$3,334	$10,057	$36,116	$0	$36,116
96140 All Other Insurance	$0	$1,768	$0	$0	$1,768	$0	$1,768
96100 Total insurance Premiums	$22,725	$1,768	$3,334	$10,057	$37,884	$0	$37,884

Perry Metropolitan Housing Authority

FDS Schedule Submitted to REAC

Proprietary Fund Type - Enterprise Fund

December 31, 2012

	Project Total	14.871 Housing Choice Vouchers	Business Activities	COCC	Subtotal	ELIM	Total
96200 Other General Expenses	$0	$0	$37	$0	$37	$0	$37
96210 Compensated Absences	$5,325	$4,278	$0	$30,509	$40,112	$0	$40,112
96300 Payments in Lieu of Taxes	$13,073	$0	$0	$0	$13,073	$0	$13,073
96400 Bad debt - Tenant Rents	$7,912	$0	$0	$0	$7,912	$0	$7,912
96000 Total Other General Expenses	$26,310	$4,278	$37	$30,509	$61,134	$0	$61,134
96710 Interest of Mortgage (or Bonds) Payable	$0	$0	$178	$0	$178	$0	$178
96700 Total Interest Expense and Amortization Cost	$0	$0	$178	$0	$178	$0	$178
96900 Total Operating Expenses	$644,545	$96,486	$13,054	$394,137	$1,148,222	($325,327)	$822,895
97000 Excess of Operating Revenue over Operating Expenses	$454,617	$657,012	($5,566)	($67,653)	$1,038,410	$0	$1,038,410
97300 Housing Assistance Payments	$0	$784,265	$0	$0	$784,265	$0	$784,265
97350 HAP Portability-In	$0	$4,147	$0	$0	$4,147	$0	$4,147
97400 Depreciation Expense	$217,725	$1,436	$1,255	$1,448	$221,864	$0	$221,864
90000 Total Expenses	$862,270	$886,334	$14,309	$395,585	$2,158,498	($325,327)	$1,833,171
10010 Operating Transfer In	$23,184	$0	$0	$0	$23,184	($23,184)	$0
10020 Operating transfer Out	($23,184)	$0	$0	$0	($23,184)	$23,184	$0
10100 Total Other financing Sources (Uses)	$0	$0	$0	$0	$0	$0	$0

Perry Metropolitan Housing Authority

FDS Schedule Submitted to REAC

Proprietary Fund Type - Enterprise Fund

December 31, 2012

	Project Total	14.871 Housing Choice Vouchers	Business Activities	COCC	Subtotal	ELIM	Total
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$236,892	($132,836)	($6,821)	($69,101)	$28,134	$0	$28,134
11020 Required Annual Debt Principal Payments	$0	$0	$6,300	$0	$6,300	$0	$6,300
11030 Beginning Equity	$3,071,057	$365,109	$134,563	$175,220	$3,745,949	$0	$3,745,949
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	$0	$0	$0	$0	$0	$0	$0
11170 Administrative Fee Equity	$0	$178,412	$0	$0	$178,412	$0	$178,412
11180 Housing Assistance Payments Equity	$0	$53,861	$0	$0	$53,861	$0	$53,861
11190 Unit Months Available	1,416	2,616	60	0	4,092	0	4,092
11210 Number of Unit Months Leased	1,414	2,520	60	0	3,994	0	3,994

Perry Metropolitan Housing Authority

Schedule of Expenditure of Federal Award

For the Year Ended December 31, 2012

FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES	CFDA NUMBER	EXPENDITURES
U.S. Department of Housing and Urban Development		
Direct Program		
Low Rent Public Housing	14.850	$422,229
Housing Choice Voucher Program	14.871	731,482
Public Housing Capital Fund Program	14.872	400,947
Total Expenditure of Federal Award		**$1,554,658**

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

Board of Commissioners
Perry Metropolitan Housing Authority

I have audited, in accordance with the 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, the financial statements of the business-type activities of the Perry Metropolitan Housing Authority, Ohio, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise Perry Metropolitan Housing Authority, Ohio's basic financial statements, and have issued my report thereon dated July 26, 2013 wherein I have noted that the Authority implemented GASB Statement No. 62 and No. 63.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Perry Metropolitan Housing Authority, Ohio's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Perry Metropolitan Housing Authority, Ohio's, internal control. Accordingly, I do not express an opinion on the effectiveness of Perry Metropolitan Housing Authority, Ohio's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Perry Metropolitan Housing Authority, Ohio's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Salvatore Consiglio

Digitally signed by Salvatore Consiglio
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Salvatore Consiglio, CPA, Inc.
North Royalton, Ohio
July 26, 2013

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Commissioners
Perry Metropolitan Housing Authority

Report on Compliance for Each Major Federal Program

I have audited Perry Metropolitan Housing Authority's compliance 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 Perry Metropolitan Housing Authority's major federal programs for the year ended December 31, 2012. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of Perry Metropolitan Housing Authority's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In my opinion, Perry Metropolitan Housing Authority, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Report on Internal Control Over Compliance

Management of the Perry Metropolitan Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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, I 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 over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My 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 material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Salvatore Consiglio

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Date: 2013.07.29 17:47:40 -04'00'

Salvatore Consiglio, CPA, Inc.
North Royalton, Ohio
July 26, 2013

Perry Metropolitan Housing Authority
Schedule of Findings and Questioned Costs
OMB Circular A-133 § .505
December 31, 2012

1. SUMMARY OF AUDITOR'S RESULTS

Type of Financial Statement Opinion	Unqualified
Were there any material weakness reported at the financial statement level (GAGAS)?	No
Were there any other significant control deficiencies reported at the financial statement level (GAGAS)?	No
Was there any reported non-compliance at the financial statement level (GAGAS)?	No
Were there any material internal control weakness reported for any major federal programs?	No
Were there any other significant internal control deficiency reported for the major federal programs?	No
Type of report issued on compliance for major programs	Unqualified
Are there any reportable findings under § .510?	No
Major Programs (list):	• CFDA # 14.850 Low Rent Public Housing
Dollar Threshold: Type A/B Programs	Type A: > $300,000 Type B: All Others
Low Risk Auditee?	Yes

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

There are no Findings or questioned costs for the year ended December 31, 2012.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There are no Findings or questioned costs for the year ended December 31, 2012.

Perry Metropolitan Housing Authority
Schedule of Prior Audit Findings
December 31, 2012

The audit report for the fiscal year ending December 31, 2011 contained no audit findings.

PERRY METROPOLITAN HOUSING AUTHORITY

PERRY 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
OCTOBER 22, 2013