

Perry Metropolitan Housing Authority

Financial Statements

For the Year Ended December 31, 2006



Mary Taylor, CPA
Auditor of State

Board of Directors
Perry Metropolitan Housing Authority
26 Brown Circle Drive
Crooksville, Ohio 43731

We have reviewed the *Independent Auditors' Report* of the Perry Metropolitan Housing Authority, Perry County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period January 1, 2006 through December 31, 2006. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 11, 2007

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PERRY METROPOLITAN HOUSING AUTHORITY
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2006

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Independent Auditors' Report

Board of Directors
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, 2006, which collectively comprise the Authority basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Perry Metropolitan Housing Authority, Ohio, management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 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. I believe that my audit provides a reasonable basis for my opinion.

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, Ohio, as of December 31, 2006, and the respective changes in financial position and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated July 27, 2007, on my consideration of Perry Metropolitan Housing Authority, Ohio'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. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the 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 conjunction with this report in considering the results of my audit.

The Management's Discussion and Analysis is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiry of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion thereon.

My Audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Perry Metropolitan Housing Authority 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 additional analysis as required by the Department of Housing and Urban Development and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respect in relation to the basic financial statements taken as a whole.

Salvatore Consiglio, CPA, Inc.

July 27, 2007

PERRY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2006

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 or concerns.

Since the MD&A is designed to focus on the 2006 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 12/31/06: \$1,398,892 Decrease of \$104,626 (7.0%) in 2006
FYE 12/31/05: \$1,503,518
- Total expenses: FYE 12/31/06: \$1,671,420 Increase of \$39,467 (2.4%)
FYE 12/31/05: \$1,631,953

USING THIS ANNUAL REPORT

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

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

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.

PERRY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2006

Unaudited

Authority Financial Statements

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

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

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

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

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

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

The Authority financial statements also include a Statement of Revenues, Expenses and Changes in Fund Net Assets (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 Assets is the "Change in Net Assets", which is similar to Net Income or Loss.

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

PERRY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Unaudited

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.

The Authority's 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 size and age of the properties.

Housing Choice Voucher Program (HCVP) – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an 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 MR/DD) activity.

AUTHORITY STATEMENTS

Statement of Net Assets

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

PERRY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2006

Unaudited

TABLE 1

STATEMENT OF NET ASSETS

	<u>2006</u>	<u>2005</u>
Current and Other Assets	\$ 710,048	\$ 717,055
Capital Assets	3,462,486	3,719,262
Notes, loans & mortgages receivable - non current	<u>74,211</u>	<u>78,287</u>
 Total Assets	 <u>\$ 4,246,745</u>	 <u>\$ 4,514,604</u>
 Current Liabilities	 \$ 101,472	 \$ 102,080
Long-Term Liabilities	<u>96,525</u>	<u>102,213</u>
 Total Liabilities	 <u>197,997</u>	 <u>204,293</u>
 Net Assets:		
Investment in Capital Assets, net of Related Debt	3,451,866	3,706,787
Unrestricted Net Assets	<u>596,882</u>	<u>603,524</u>
 Total Net Assets	 <u>4,048,748</u>	 <u>4,310,311</u>
 Total Liabilities and Net Assets	 <u>\$ 4,246,745</u>	 <u>\$ 4,514,604</u>

Major Factors Affecting the Statement of Net Assets

During 2006, current and other assets decreased by \$7,007, and current liabilities decreased by \$608.

Capital assets also changed, decreasing from \$3,719,262 to \$3,462,486. The \$256,776 decrease may be contributed primarily to a combination of total acquisitions of \$31,135, less current year depreciation of \$299,551 and a prior period adjustment to include value of land that was not previously reflected on the financial statements of \$11,640.

The long-term liabilities decrease is due to principal payments made during the year.

PERRY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2006

Unaudited

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

TABLE 2
CHANGE OF NET ASSETS

	Unrestricted	Investment in Capital Assets
Beginning Balance - January 1, 2006	\$ 603,524	3,706,787
Results of Operation	(272,528)	-
Adjustments:		
Current Year Depreciation Expense (1)	299,551	(299,551)
Capital Expenditure (2)	(31,135)	31,135
Current Year Debt Retirement	(6,287)	6,287
Current Year Mortgage Receivable Collected	4,432	(4,432)
Prior Period Adjustment	(675)	11,640
Ending Balance - December 31, 2006	<u>\$ 596,882</u>	<u>3,451,866</u>

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

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

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

PERRY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2006

Unaudited

TABLE 3

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	<u>2006</u>	<u>2005</u>
<u>Revenues</u>		
Total Tenant Revenues	\$ 262,094	\$ 265,236
Operating Subsidies	1,092,593	1,062,482
Capital Grants	31,135	156,306
Investment Income	9,278	8,733
Other Revenues	<u>3,792</u>	<u>10,761</u>
Total Revenues	<u>1,398,892</u>	<u>1,503,518</u>
 <u>Expenses</u>		
Administrative	300,078	294,926
Tenant Services	1,488	2,820
Utilities	109,564	103,083
Maintenance	218,296	192,604
General and Interest Expenses	64,376	63,435
Housing Assistance Payments	678,067	674,133
Depreciation	<u>299,551</u>	<u>300,952</u>
Total Expenses	<u>1,671,420</u>	<u>1,631,953</u>
Net Increases (Decreases)	<u>\$ (272,528)</u>	<u>\$ (128,435)</u>

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

Tenant revenue decreased (\$3,142) slightly during 2006 in comparison to 2005. The decrease was likely from change in family income enrolled in the program. Operating subsidy received from HUD reflect a small increase of \$30,111 from prior year. Capital Grants decreased by \$125,171 from 2005 as a result of less work items being completed in the current year, therefore the funds were drawn down from current grants at a similar rate as 2005. Overall total revenue decreased by \$104,626, from 2005.

PERRY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2006

Unaudited

Total expenses increased (\$39,467) moderately due to increased wage, benefit costs and increased cost of utilities.

CAPITAL ASSETS

Capital Assets

As of year-end, the Authority had \$3,462,486 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of \$256,776 or 6.9% from the end of last year. As stated earlier, this decrease was due to current additions and depreciation expense.

TABLE 4

CAPITAL ASSETS AT YEAR-END (NET OF DEPRECIATON)

	<u>2006</u>	<u>2005</u>
Land and Land Rights	\$ 265,975	\$ 254,335
Buildings	6,102,436	6,076,464
Equipment	291,932	286,769
Leasehold Improvement	1,719,115	1,719,115
Accumulated Depreciation	<u>(4,916,972)</u>	<u>(4,617,421)</u>
 Total	 <u>\$ 3,462,486</u>	 <u>\$ 3,719,262</u>

The following reconciliation identifies the change in Capital Assets.

PERRY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2006

Unaudited

TABLE 5

CHANGE IN CAPITAL ASSETS

Beginning Balance - January 1, 2006	\$	3,719,262
Current Year Additions		31,135
Current Year Depreciation Expense		(299,551)
Prior Period Adjustments		<u>11,640</u>
 Ending Balance - December 31, 2006	 \$	 <u><u>3,462,486</u></u>
 Current Year Additions are summarized as follows:		
Playground Equipment	\$	4,249
Asphalt for Basketball Court		3,400
Refrigerators		964
Replaced Medicine Cabinets and Exhaust Fans		7,406
Replaced Carpet		<u>15,116</u>
 Total 2006 Additions	 \$	 <u><u>31,135</u></u>

Debt Outstanding

As of year-end, the Authority has \$88,700 in debt outstanding compared to \$94,987 last year. The \$6,287 decrease was a result of principal payments made during the year. See Pages 26-27 for detail.

PERRY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2006

Unaudited

TABLE 6

CONDENSED STATEMENT OF CHANGES IN DEBT OUTSTANDING

Beginning Balance - January 1, 2006	\$	94,987
Current Year Loans Proceeds		-
Current Year Loan Retirements		<u>(6,287)</u>
Ending Balance - December 31, 2006	\$	<u><u>88,700</u></u>

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 Carole Sowards, Executive Director of the Perry Metropolitan Housing Authority at (740) 982-5991.

Perry Metropolitan Housing Authority
Statement of Net Assets
Proprietary Funds
December 31, 2006

ASSETS

Current assets

Cash and cash equivalents	636,834
Receivables, net	20,023
Inventories, net	16,662
Prepaid expenses and other assets	36,529
<i>Total current assets</i>	<u>710,048</u>

Noncurrent assets

Capital assets:	
Land	265,975
Building and equipment	8,113,483
Less accumulated depreciation	<u>(4,916,972)</u>
Capital assets, net	3,462,486
Notes, loans & mortgages receivable - non current	74,211
<i>Total noncurrent assets</i>	<u>3,536,697</u>
Total assets	<u><u>\$4,246,745</u></u>

LIABILITIES

Current liabilities

Accounts payable	\$19,240
Accrued liabilities	35,366
Intergovernmental payables	13,894
Tenant security deposits	26,933
Deferred revenue	2,170
Current portion of long-term debt	3,869
<i>Total current liabilities</i>	<u>101,472</u>

Noncurrent liabilities

Long-term debt, net of current	84,831
Accrued compensated absences non-current	9,375
Noncurrent liabilities - other	2,319
<i>Total noncurrent liabilities</i>	<u>96,525</u>
Total liabilities	<u><u>\$197,997</u></u>

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

Perry Metropolitan Housing Authority
Statement of Net Assets (Continued)
Proprietary Funds
December 31, 2006

NET ASSETS

Invested in capital assets, net of related debt	\$3,447,688
Unrestricted net assets	601,060
Total net assets	<u><u>\$4,048,748</u></u>

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 Assets
Proprietary Funds
For the Year Ended December 31, 2006

OPERATING REVENUES

Tenant Revenue	\$262,094
Government operating grants	1,092,593
Other revenue	3,792
<i>Total operating revenues</i>	<u>1,358,479</u>

OPERATING EXPENSES

Administrative	300,078
Tenant services	1,488
Utilities	109,564
Maintenance	218,296
General	59,639
Housing assistance payment	678,067
Depreciation	299,551
<i>Total operating expenses</i>	<u>1,666,683</u>
Operating income (loss)	<u>(308,204)</u>

NONOPERATING REVENUES (EXPENSES)

Interest and investment revenue	9,278
Interest expense	(4,737)
<i>Total nonoperating revenues (expenses)</i>	<u>4,541</u>
Income (loss) before contributions and transfers	(303,663)

Capital grants	31,135
Change in net assets	(272,528)
Total net assets - beginning	4,310,311
Prior Period Adjustments	10,965
Total net assets - ending	<u><u>\$4,048,748</u></u>

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

**Perry Metropolitan Housing Authority
Statement of Cash Flows
Proprietary Fund Type
For the Year Ended December 31, 2006**

CASH FLOWS FROM OPERATING ACTIVITIES

Operating grants received	\$1,093,747
Tenant revenue received	264,598
Other revenue received	872
General and administrative expenses paid	(699,942)
Housing assistance payments	<u>(678,067)</u>

Net cash provided (used) by operating activities (18,792)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest earned	9,278
Interest expense	<u>(4,737)</u>

Net cash provided (used) by investing activities 4,541

CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES

Capital grant funds received	31,135
Debt principal payment	(6,287)
Property and equipment purchased	<u>(31,135)</u>

Net cash provided (used) by capital and related activities (6,287)

Net increase (decrease) in cash (20,538)

Cash and cash equivalents - Beginning of year 657,372

Cash and cash equivalents - End of year \$636,834

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, 2006**

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Net Operating Income (Loss)	(\$308,204)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities	
- Depreciation	299,551
- (Increases) Decreases in Accounts Receivable	5,309
- (Increases) Decreases in Prepaid Assets	(25,207)
- (Increases) Decreases in Inventory	9,768
- Increases (Decreases) in Accounts Payable	5,759
- Increases (Decreases) in Accounts Payable - Intergovernmental	(3,143)
- Increases (Decreases) in Accrued Expenses Payable	(537)
- Increases (Decreases) in Accrued Compensated Liabilities	(131)
- Increases (Decreases) in Deferred Revenue Payable	(1,247)
- Increases (Decreases) in Other Noncurrent Liabilities	(1,420)
- Increases (Decreases) in Tenant Security Deposits	710
	710
Net cash provided by operating activities	(\$18,792)

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

PERRY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

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

PERRY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(CONTINUED)

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 assets, 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.

PERRY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(CONTINUED)

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:

A. **Public Housing Program**

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

C. **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.

D. **Business Activity**

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:

PERRY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(CONTINUED)

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 assets, equity, or fund balance as restricted.

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

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

PERRY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(CONTINUED)

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, 2006, 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 2006 totaled \$9,278.

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	3
Computer software	3
Leasehold improvements	15

PERRY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

PERRY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(CONTINUED)

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.

Inventories

Inventory valued of \$16,662 in the financial statements is stated at net of obsolete balance. The allowance for obsolete inventory was \$1,850 at December 31, 2006.

Receivables – net of allowance

Total receivable as December 31, 2006 is \$20,023. This amount is net from the allowance of doubtful account of \$22,559. 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.

PERRY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(CONTINUED)

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.
- 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 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, 2006, the carrying amount of the Authority's deposits totaled \$636,834 and its bank balance was \$641,389. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of December 31, 2006, \$469,910 was exposed to custodial risk as discussed below, while \$171,479 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.

PERRY METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2006
 (CONTINUED)

NOTE 3: 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 4: 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 5: CAPITAL ASSETS

The following is a summary of changes:

	Balance 12/31/05	Adjust.	Additions	Deletion	Balance 12/31/06
Capital Assets Not Depreciated:					
Land	\$254,335	\$11,640	\$0	\$0	\$265,975
Total Capital Assets Not Being Depreciated	254,335	11,640	0	0	265,975
Capital Assets Being Depreciated:					
Buildings and Improvements	7,795,579	0	25,972	0	7,821,551
Furniture and Equipment	286,769	0	5,163	0	291,932
Total Capital Assets Being Depreciated	8,082,348	0	31,135	0	8,113,483
Accumulated Depreciation	(4,617,421)	0	(299,551)	0	(4,916,972)

PERRY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(CONTINUED)

NOTE 5: CAPITAL ASSETS

Total Capital Assets Being Depreciated, Net	3,464,927	0	(268,416)	0	3,196,511
Total Capital Assets, Net	\$3,719,262	\$11,640	(\$268,416)	\$0	\$3,462,486

NOTE 6: LONG-TERM DEBT

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

<ul style="list-style-type: none"> • 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. 	\$11,174
<ul style="list-style-type: none"> • Loan payment to North Valley Bank dated June 2001 in the amount of \$16,250, due in June 2007; interest rate 2%. Proceeds of the loan were used to purchase mobile homes located at Ridge Avenue. 	827
<ul style="list-style-type: none"> • 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. 	76,699
Total Outstanding Debt	88,700
Less Current Portion	(3,869)
Total Long-Term Debt	<u>\$84,831</u>

The following is a summary of changes in long-term debt for the year ended December 31, 2006:

DESCRIPTION	BALANCE 12/31/05	ISSUED	RETIRED	BALANCE 12/31/06
Loan Payable	\$94,987	\$0	\$6,287	\$88,700
TOTAL	\$94,987	\$0	\$6,287	\$88,700

PERRY METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2006
 (CONTINUED)

NOTE 6: LONG-TERM DEBT (Continued)

Maturities of the debt over the next five years are as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$3,869	\$4,487	\$8,356
2008	3,214	4,309	7,523
2009	3,396	4,127	7,523
2010	3,589	3,934	7,523
2011	3,793	3,730	7,523
2012-2016	14,934	15,899	30,833
2017-2021	14,989	12,419	27,408
2022-2026	19,227	8,181	27,408
2027-2031	21,689	2,760	24,449
Total	\$88,700	\$59,846	\$148,546

NOTE 7: NON-CURRENT LIABILITIES

The balance of non-current liabilities - other at December 31, 2006 consists of the following:

- FSS escrow funds relating to the Housing Choice Voucher program \$2,319

NOTE 8: 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.

PERRY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(CONTINUED)

**NOTE 9: DEFINED BENEFIT PENSION PLANS -PUBLIC EMPLOYEES
RETIREMENT SYSTEM**

All full-time employees of Authority participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. OPERS provide basic retirement, disability and survivor benefits, based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. OPERS issue a publicly available financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or (800) 222-PERS.

Ohio Public Employees Retirement System administers three separate pension plans as described below:

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

Plan members are required to contribute 9 percent of their annual covered salary to fund pension obligations. The 2006 employer pension contribution rate for Authority was 13.7 percent. Contributions are authorized by state statute. The contribution rates are determined actuarially. The Authority's contribution for the years ended December 31, 2006, 2005 and 2004 amounted to \$36,176, \$34,156 and \$32,397 respectively. Ninety-two percent has been contributed for 2006. All required contributions for the two previous years have been paid.

PERRY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(CONTINUED)

**NOTE 10: POSTEMPLOYMENT BENEFITS PUBLIC EMPLOYEES
RETIREMENT SYSTEM**

The Public Employees Retirement System of Ohio (OPERS) provides post-employment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. The health care coverage provided by the OPERS is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the OPERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory Authority requiring public employers to fund post-employment health care through their contributions to the OPERS. The portion of the 2006 employer contribution rate (identified above) that was used to fund health care for the year ended December 31, 2006 was 4.0 percent of covered payroll, which amounted to \$10,562. The significant actuarial assumptions and calculations relating to post-employment health care benefits were based on the OPERS' latest actuarial review performed as of December 31, 2005. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25 percent of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2005 was 6.5 percent. An annual increase of 4.0 percent compounded annually is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0 percent base increase, were assumed to range from 0.50 percent to 6.3 percent. Health care costs were assumed to increase at a project wage inflation rate plus an additional factor ranging from .5% to 6% for the next 9 years. In subsequent years (10 and beyond), health care costs were assumed to increase at 4% (the projected wage inflation rate).

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 369,214. The actuarial value of the OPERS' net assets available for OPEB at December 31, 2006 was \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$31.3 billion and \$20.2 billion, respectively.

OPERS Retirement Board Implemented its Health Care Preservation Plan (HCPP). HCPP was adopted on September 9, 2004, and is effective on January 1, 2007. In addition, OPERS created a separate investment pool for health care assets. Members and employers contribution rates increases in January 1, 2006 and in 2007 will allow additional funds to be allocated to the health care plan.

PERRY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(CONTINUED)

NOTE 11: PRIOR PERIOD ADJUSTMENT

The prior period adjustment of \$10,965 was necessary to properly state net assets. The adjustments were as follows:

- Adjustment to properly state the value of land that was not previously reflected on the financial statements	\$11,640
- Adjustment made in the Housing Choice Voucher Program to write-off receivable from HUD	<u>(675)</u>
Total Prior Period Adjustment	<u>\$10,965</u>

Perry Metropolitan Housing Authority
Combining FDS Schedule Submitted To REAC
Propriety Fund Type- Enterprise Fund
December 31, 2006

Line Item No.	Account Description	Business Activities	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
111	Cash - Unrestricted	\$10,473	\$142,450	\$260,163	\$0	\$413,086
115	Cash - Restricted for Payment of Current Liabilities	\$0	\$65,718	\$0	\$0	\$65,718
113	Cash - Other Restricted (FSS Escrow)	\$0	\$0	\$3,097	\$0	\$3,097
114	Cash - Tenant Security Deposits	\$0	\$26,933	\$0	\$0	\$26,933
100	Total Cash	\$10,473	\$235,101	\$263,260	\$0	\$508,834
122	Accounts Receivable - HUD Other Projects	\$0	\$0	\$0	\$1,104	\$1,104
125	Accounts Receivable - Miscellaneous	\$1,825	\$3,978	\$0	\$0	\$5,803
126	Accounts Receivable - Tenants - Dwelling Rents	\$0	\$169	\$0	\$0	\$169
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$0	(\$140)	\$0	\$0	(\$140)
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0
127	Notes, Loans, & Mortgages Receivable - Current	\$3,869	\$0	\$0	\$0	\$3,869
128	Fraud Recovery	\$0	\$0	\$31,777	\$0	\$31,777
128.1	Allowance for Doubtful Accounts - Fraud	\$0	\$0	(\$22,559)	\$0	(\$22,559)
120	Total Receivables, net of allowances for doubtful accounts	\$5,694	\$4,007	\$9,218	\$1,104	\$20,023
131	Investments - Unrestricted	\$0	\$128,000	\$0	\$0	\$128,000
142	Prepaid Expenses and Other Assets	\$0	\$26,910	\$9,619	\$0	\$36,529
143	Inventories	\$0	\$18,512	\$0	\$0	\$18,512
143.1	Allowance for Obsolete Inventories	\$0	(\$1,850)	\$0	\$0	(\$1,850)
144	Interprogram Due From	\$0	\$23,901	\$0	\$0	\$23,901
150	Total Current Assets	\$16,167	\$434,581	\$282,097	\$1,104	\$733,949

Perry Metropolitan Housing Authority
Combining FDS Schedule Submitted To REAC
Propriety Fund Type- Enterprise Fund
December 31, 2006

Line Item No.	Account Description	Business Activities	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
161	Land	\$15,640	\$250,335	\$0	\$0	\$265,975
162	Buildings	\$34,500	\$5,925,800	\$29,361	\$112,775	\$6,102,436
163	Furniture, Equipment & Machinery - Dwellings	\$0	\$71,611	\$0	\$29,912	\$101,523
164	Furniture, Equipment & Machinery - Administration	\$0	\$167,139	\$18,848	\$4,422	\$190,409
165	Leasehold Improvements	\$0	\$1,712,640	\$0	\$6,475	\$1,719,115
166	Accumulated Depreciation	(\$10,664)	(\$4,862,791)	(\$27,104)	(\$16,413)	(\$4,916,972)
160	Total Fixed Assets, Net of Accumulated Depreciation	\$39,476	\$3,264,734	\$21,105	\$137,171	\$3,462,486
171	Notes, loans & mortgages receivable - non current	\$74,211	\$0	\$0	\$0	\$74,211
180	Total Non-Current Assets	\$113,687	\$3,264,734	\$21,105	\$137,171	\$3,536,697
190	Total Assets	\$129,854	\$3,699,315	\$303,202	\$138,275	\$4,270,646
312	Accounts Payable <= 90 Days	\$0	\$19,240	\$0	\$0	\$19,240
321	Accrued Wage/Payroll Taxes Payable	\$0	\$10,191	\$0	\$0	\$10,191
322	Accrued Compensated Absences - Current Portion	\$0	\$20,223	\$4,952	\$0	\$25,175
333	Accounts Payable - Other Government (PILOT)	\$0	\$13,894	\$0	\$0	\$13,894
341	Tenant Security Deposits	\$0	\$26,933	\$0	\$0	\$26,933
342	Deferred Revenues	\$0	\$2,170	\$0	\$0	\$2,170
343	Current portion of Long-Term debt - capital projects/mortgage revenue bonds	\$3,869	\$0	\$0	\$0	\$3,869
347	Interprogram Due To	\$0	\$0	\$22,797	\$1,104	\$23,901
310	Total Current Liabilities	\$3,869	\$92,651	\$27,749	\$1,104	\$125,373

Perry Metropolitan Housing Authority
Combining FDS Schedule Submitted To REAC
Propriety Fund Type- Enterprise Fund
December 31, 2006

Line Item No.	Account Description	Business Activities	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
351	Long-term debt, net of current- capital projects/ mortgage revenue bonds	\$84,831	\$0	\$0	\$0	\$84,831
354	Accrued Compensated Absences - Non Current	\$0	\$7,145	\$2,230	\$0	\$9,375
355	Loan Liability - Non Current	\$0	\$0	\$0	\$0	\$0
353	Noncurrent Liabilities - Other (FSS Escrow)	\$0	\$0	\$2,319	\$0	\$2,319
350	Total Noncurrent Liabilities	\$84,831	\$7,145	\$4,549	\$0	\$96,525
300	Total Liabilities	\$88,700	\$99,796	\$32,298	\$1,104	\$221,898
508.1	Invested in Capital Assets, Net of Related Debt	\$28,856	\$3,264,734	\$21,105	\$137,171	\$3,551,866
512.1	Unrestricted Net Assets	\$12,298	\$334,785	\$249,799	\$0	\$596,882
513	Total Equity/Net Assets	\$41,154	\$3,599,519	\$270,904	\$137,171	\$4,048,748
600	Total Liabilities and Equity/Net Assets	\$129,854	\$3,699,315	\$303,202	\$138,275	\$4,270,646
703	Net Tenant Rental Revenue	\$6,214	\$247,691	\$0	\$0	\$253,905
704	Tenant Revenue - Other	\$4,293	\$3,896	\$0	\$0	\$8,189
705	Total Tenant Revenue	\$10,507	\$251,587	\$0	\$0	\$262,094
706	HUD PHA Operating Grants	\$0	\$249,785	\$800,100	\$32,708	\$1,082,593
706.1	Capital Grants	\$0	\$0	\$0	\$31,135	\$31,135
708	Other Government Grants	\$10,000	\$0	\$0	\$0	\$10,000
711	Investment Income - Unrestricted	\$20	\$6,074	\$3,184	\$0	\$9,278
714	Fraud Recovery	\$0	\$0	\$2,792	\$0	\$2,792
715	Other Revenue	\$0	\$1,000	\$0	\$0	\$1,000

Perry Metropolitan Housing Authority
Combining FDS Schedule Submitted To REAC
Propriety Fund Type- Enterprise Fund
December 31, 2006

Line Item No.	Account Description	Business Activities	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
700	Total Revenue	\$20,527	\$508,446	\$806,076	\$63,843	\$1,398,892
911	Administrative Salaries	\$0	\$104,464	\$54,348	\$11,129	\$169,941
912	Auditing Fees	\$0	\$2,735	\$3,185	\$0	\$5,920
913	Outside Management Fees	\$1,000	\$0	\$0	\$0	\$1,000
914	Compensated Absences	\$0	(\$421)	\$291	\$0	(\$130)
915	Employee Benefit Contributions - Administrative	\$0	\$39,707	\$12,308	\$0	\$52,015
916	Other Operating - Administrative	\$1,172	\$35,578	\$30,695	\$3,887	\$71,332
924	Tenant Services - Other	\$0	\$1,488	\$0	\$0	\$1,488
931	Water	\$53	\$73,343	\$0	\$0	\$73,396
932	Electricity	\$0	\$34,023	\$0	\$0	\$34,023
933	Gas	\$309	\$1,387	\$449	\$0	\$2,145
941	Ordinary Maintenance and Operations - Labor	\$0	\$96,932	\$0	\$0	\$96,932
942	Ordinary Maintenance and Operations - Materials and Other	\$1,311	\$40,536	\$2,250	\$16,792	\$60,889
943	Ordinary Maintenance and Operations - Contract Costs	\$0	\$13,830	\$2,405	\$900	\$17,135
945	Employee Benefit Contributions - Ordinary Maintenance	\$0	\$43,340	\$0	\$0	\$43,340
961	Insurance Premiums	\$1,761	\$38,209	\$1,324	\$0	\$41,294
962	Other General Expenses	\$1,102	\$0	\$0	\$0	\$1,102
963	Payments in Lieu of Taxes	\$0	\$13,894	\$0	\$0	\$13,894
964	Bad Debt - Tenant Rents	\$0	\$3,349	\$0	\$0	\$3,349
967	Interest Expense	\$4,737	\$0	\$0	\$0	\$4,737
969	Total Operating Expenses	\$11,445	\$542,394	\$107,255	\$32,708	\$693,802
970	Excess Operating Revenue over Operating Expenses	\$9,082	(\$33,948)	\$698,821	\$31,135	\$705,090

Perry Metropolitan Housing Authority
Combining FDS Schedule Submitted To REAC
Propriety Fund Type- Enterprise Fund
December 31, 2006

Line Item No.	Account Description	Business Activities	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
973	Housing Assistance Payments	\$0	\$0	\$678,067	\$0	\$678,067
974	Depreciation Expense	\$1,255	\$284,360	\$2,422	\$11,514	\$299,551
900	Total Expenses	\$12,700	\$826,754	\$787,744	\$44,222	\$1,671,420
1010	Total Other Financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$7,827	(\$318,308)	\$18,332	\$19,621	(\$272,528)
1103	Beginning Equity	\$21,687	\$3,754,459	\$253,247	\$280,918	\$4,310,311
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$11,640	\$163,368	(\$675)	(\$163,368)	\$10,965
	Ending Equity	\$41,154	\$3,599,519	\$270,904	\$137,171	\$4,048,748
1113	Maximum Annual Contributions Commitment (Per ACC)	\$0	\$0	\$0	\$0	\$0
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	\$0	\$0	\$0	\$0	\$0
1115	Contingency Reserve, ACC Program Reserve	\$0	\$0	\$0	\$0	\$0
1116	Total Annual Contributions Available	\$0	\$0	\$0	\$0	\$0
1120	Unit Months Available	60	1,410	2,616	0	4,086
1121	Number of Unit Months Leased	60	1,410	2,249	0	3,719
1117	Administrative Fee Equity	\$0	\$0	\$252,387	\$0	\$252,387
1118	Housing Assistance Payments Equity	\$0	\$0	\$18,517	\$0	\$18,517

Perry Metropolitan Housing Authority
 Schedule of Expenditure of Federal Award
 For the Year Ended December 31, 2006

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	\$249,785
Housing Choice Voucher Program	14.871	800,100
Public Housing Capital Fund Program	14.872	<u>63,843</u>
Total Expenditure of Federal Award		<u><u>\$1,113,728</u></u>



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

Board of Directors
Perry Metropolitan Housing Authority

I have audited the financial statements of the business-type activities of the Perry Metropolitan Housing Authority, Ohio, as of and for the year ended December 31, 2006, which collectively comprise the Perry Metropolitan Housing Authority basic financial statements and have issued my report thereon dated July 27, 2007. I conducted my 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 of America.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Perry Metropolitan Housing Authority, Ohio's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but no for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the authority's financial statements that is more than inconsequential will not be prevented or detected by the authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the authority's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 Perry Metropolitan Housing Authority financial statements are free of material misstatement, I performed tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements 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 result of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

I noted certain matters that I have reported to management of Perry Metropolitan Housing Authority in a separate letter dated July 27, 2007.

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

Salvatore Consiglio, CPA, Inc.

July 27, 2007



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors
Perry Metropolitan Housing Authority

Compliance

I have audited the compliance of the Perry Metropolitan Housing Authority, Ohio, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2006. Perry Metropolitan Housing Authority, Ohio major federal programs are identified in the summary of auditor's result section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Perry Metropolitan Housing Authority, Ohio's management. My responsibility is to express an opinion on Perry Metropolitan Housing Authority, Ohio's compliance based on my audit.

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 Perry Metropolitan Housing Authority, Ohio'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. My audit does not provide a legal determination on Perry Metropolitan Housing Authority, Ohio's compliance with those requirements.

In my opinion, Perry Metropolitan Housing Authority, Ohio, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006.

Internal Control Over Compliance

The management of Perry Metropolitan Housing Authority, Ohio 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 my audit, I considered Perry Metropolitan Housing Authority, Ohio's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, 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 entity's internal control over compliance.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

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

Salvatore Consiglio, CPA, Inc.

July 27, 2007

Perry Metropolitan Housing Authority
 Schedule of Findings and Questioned Costs
 OMB Circular A-133 § .505
 December 31, 2006

1. SUMMARY OF AUDITOR'S RESULTS
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Type of Financial Statement Opinion	Unqualified
Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
Were there any materials internal control weakness conditions reported for major federal programs?	No
Were there any other reportable internal control weakness conditions reported for major federal programs?	No
Type of Major Programs' Compliance Opinion	Unqualified
Are there any reportable findings under § .510?	No
Major Programs (list):	CFDA # 14.871 Housing Choice Voucher Program
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, 2006.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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There are no Findings or questioned costs for the year ended December 31, 2006.

Perry Metropolitan Housing Authority
Schedule of Prior Audit Findings
December 31, 2006

The audit report for the fiscal year ending December 31, 2005 contained no audit finding.



Mary Taylor, CPA
Auditor of State

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
NOVEMBER 8, 2007**