

**BASIC FINANCIAL STATEMENTS
AND SINGLE AUDIT**

of the

**CHILlicoTHE METROPOLITAN
HOUSING AUTHORITY**

for the

Year Ended September 30, 2009



Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Chillicothe Metropolitan Housing Authority, Ross County, prepared by Jones, Cochenour & Co., for the audit period October 1, 2008 through September 30, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 25, 2010

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Chillicothe Metropolitan Housing Authority
Chillicothe, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited the accompanying basic financial statements of Chillicothe Metropolitan Housing Authority, as of and for the year ended September 30, 2009, as listed in the table of contents. These basic financial statements are the responsibility of the Chillicothe Metropolitan Housing Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Chillicothe Metropolitan Housing Authority, as of September 30, 2009, and the results of its operations and the cash flows of its proprietary funds activities for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2010 on our consideration of Chillicothe Metropolitan Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 assessing the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the basic financial statements of the Authority taken as a whole. The FDS schedule is presented for purposes of additional analysis and is not a required part of the financial statements of the Chillicothe Metropolitan Housing Authority. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financial statements of Chillicothe Metropolitan Housing Authority. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Jones, Cochenour & Co.
February 26, 2010

much more than an accounting firm

**CHILICOTHE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended September 30, 2009**

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

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

FINANCIAL HIGHLIGHTS

- The Authority's net assets decreased by \$125,483 (or 1.3%) during 2009. Since the Authority engages only in business-type activities, the decrease is all in the category of business-type net assets. Net Assets were \$9,431,753 and \$9,557,236 for 2009 and 2008, respectively.
- Revenues increased by \$46,554 (or .9%) during 2009, and were \$5,063,154 and \$5,016,600 for 2009 and 2008 respectively.
- The total expenses of all Authority programs decreased by \$47,313 (or .9%). Total expenses were \$5,188,637 and \$5,235,950 for 2009 and 2008, respectively.

USING THIS ANNUAL REPORT

The Report includes three major sections, the "Management's Discussion and Analysis (MD&A)", "Financial statements", and "Other Required Supplementary information".

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

**CHILLCOTHE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
Year Ended September 30, 2009**

AUTHORITY FINANCIAL STATEMENTS

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

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

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

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”. This account resembles the old operating reserves account.

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

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

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

FUND FINANCIAL STATEMENTS

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

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

THE AUTHORITY'S PROGRAMS

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

**CHILLCOTHE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
Year Ended September 30, 2009**

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

Economic Development and Supportive Services Program – A grant program funded by the Department of Housing and Urban Development that encourages economic self-sufficiency among the Authority's resident population.

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

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

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.

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS

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

**TABLE 1
STATEMENT OF NET ASSETS**

	2009	Restated 2008
Current and Other Assets	\$ 1,359,176	\$ 1,099,828
Capital Assets	8,494,923	8,911,723
TOTAL ASSETS	\$ 9,854,099	\$ 10,011,551
Current Liabilities	\$ 338,974	\$ 400,724
Long-term liabilities	83,372	53,591
TOTAL LIABILITIES	422,346	454,315
Net Assets:		
Invested in Capital Assets, Net of Related Debt	\$ 8,494,923	8,911,723
Restricted	467,289	370,172
Unrestricted	469,541	275,341
TOTAL NET ASSETS	9,431,753	9,557,236
TOTAL LIABILITIES AND NET ASSETS	\$ 9,854,099	\$ 10,011,551

**CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
Year Ended September 30, 2009**

MAJOR FACTORS AFFECTING THE STATEMENT OF NET ASSETS

During 2009, current and other assets were increased by \$259 thousand, and current liabilities were decreased by \$62 thousand. The current and other assets, primarily cash and investments, increased because careful attention was given to reduce agency spending. Coupled with the \$9,771 deferred credit from 501-07, the PHA also spent less for HAP payments than was received from HUD. The current liability decrease was mainly due to the change in deferred revenue of \$75,213 for operating subsidy. This was mostly offset by an increase in Accrued Compensated Absence.

Capital assets also changed, decreasing from \$8,912 thousand to \$8,495 thousand. The \$417 thousand decrease may be attributed primarily to disposing of equipment (dwelling equipment) offset by increase in building improvement by CFP and credit from accumulated depreciation. For more details see “Capital Assets and Debt Administration”.

**TABLE 2
CHANGE IN NET ASSETS**

Table 2 presents details on the change in Net Assets

	<u>Restricted Net Assets</u>	<u>Unrestricted Net Assets</u>	<u>Investment in Capital Assets</u>
Beginning Balance - September 30, 2008, restated	\$ 370,172	\$ 275,341	\$ 8,911,723
Results of Operation	97,117	(222,600)	-
Adjustments:			
Current year Depreciation Expense (1)	-	858,412	(858,412)
Capital Expenditure (2)	-	(441,612)	441,612
Ending Balance - September 30, 2009	<u>\$ 467,289</u>	<u>\$ 469,541</u>	<u>\$ 8,494,923</u>

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

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

**CHILICOTHE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
September 30, 2009**

**TABLE 3
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

The following schedule compares the revenues and expenses for the current and previous fiscal year.

	<u>2009</u>	<u>2008</u>
Revenues		
Tenant Revenue - Rents and Other	\$ 566,796	\$ 597,822
Operating Subsidies and Grants	3,931,225	3,923,895
Capital Grants	539,580	475,148
Investment Income/Other Revenues	25,553	19,735
TOTAL REVENUE	<u>5,063,154</u>	<u>5,016,600</u>
Expenses		
Administration	702,886	645,872
Tenant Services	80,635	109,975
Utilities	367,106	322,100
Maintenance	621,319	803,654
Protective Services	34,760	29,018
Insurance Premiums	86,391	86,618
General and Miscellaneous	126,867	127,065
Housing Assistance Payments	2,296,527	2,189,933
Casualty loss	9,414	-
Loss on disposals	4,320	-
Depreciation	858,412	921,715
TOTAL EXPENSES	<u>5,188,637</u>	<u>5,235,950</u>
CHANGE IN NET ASSETS	<u>(125,483)</u>	<u>\$ (219,350)</u>

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

Tenant revenue decreased during 2009 in comparison to 2008 due to lower incomes and higher utility allowances effective April 2009. Operating Subsidies Grants and Capital Grants increased due to an increase in Capital Fund Program work and ROSS 501-05 close out.

Total expenses decreased because depreciation went down due to a few assets being fully depreciated which offset the smaller increase in administration expense due to properly distributing benefits between administration and maintenance.

**CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
September 30, 2009**

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

As of year end, the Authority had \$8,494,923 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (addition, deductions and depreciation) of \$416,800 or 4.7% from the end of last year.

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

	2009	2008
Land and Land Rights	\$ 1,301,488	\$ 1,301,488
Buildings	10,615,837	10,615,837
Equipment	517,113	571,328
Leasehold Improvements	10,838,127	10,457,069
Accumulated Depreciation	(14,777,642)	(14,033,999)
TOTAL	\$ 8,494,923	\$ 8,911,723

The following reconciliation summarizes the change in Capital Assets.

**TABLE 5
CHANGE IN CAPITAL ASSETS**

BEGINNING BALANCE - NET	\$	8,911,723
Current Year Disposals		(4,239)
Current Year Additions		445,851
Depreciation Expense		(858,412)
ENDING BALANCE	\$	8,494,923

See accompanying notes to the basic financial statements

**CHILlicothe METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
September 30, 2009**

DEBIT

Debt Outstanding

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

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

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

FINANCIAL CONTACT

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

See accompanying notes to the basic financial statements

CHILLCOTHE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET ASSETS
September 30, 2009

ASSETS

Cash and cash equivalents	\$	1,122,087
Restricted cash and cash equivalents		76,311
Receivables - net of allowance		118,220
Inventories - net of allowance		29,519
Prepaid expenses and other assets		13,039
TOTAL CURRENT ASSETS		<u>1,359,176</u>

CAPITAL ASSETS

Land		1,301,488
Other capital assets - net		7,193,435
TOTAL CAPITAL ASSETS		<u>8,494,923</u>

TOTAL ASSETS 9,854,099

LIABILITIES

Accounts payable		146,056
Accrued wages/payroll taxes		44,699
Accrued compensated absences - current		67,816
Intergovernmental payables		25,193
Tenant security deposits		45,842
Deferred revenue		9,368
TOTAL CURRENT LIABILITIES		<u>338,974</u>

NON-CURRENT LIABILITIES

Accrued compensated absences - non-current		76,052
Non-current liabilities-other		7,320
TOTAL NON-CURRENT LIABILITIES		<u>83,372</u>

TOTAL LIABILITIES 422,346

NET ASSETS

Invested in capital assets - net of related debt		8,494,923
Restricted net assets		467,289
Unrestricted net assets		469,541
		<u>469,541</u>

NET ASSETS \$ 9,431,753

See accompanying notes to the basic financial statements

CHILICOTHE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
September 30, 2009

OPERATING REVENUES	
Tenant revenue	\$ 566,796
Operating subsidies and grants	3,931,225
Other revenues	<u>22,408</u>
TOTAL OPERATING REVENUES	4,520,429
 OPERATING EXPENSES	
Administrative	702,886
Tenant services	80,635
Utilities	367,106
Maintenance	621,319
Protective services	34,760
Insurance	86,391
General	126,867
Housing assistance payments	2,296,527
Depreciation	<u>858,412</u>
TOTAL OPERATING EXPENSES	<u>5,174,903</u>
OPERATING LOSS	(654,474)
 NON-OPERATING REVENUE	
Interest income	3,145
HUD capital grants	<u>539,580</u>
 NON-OPERATING EXPENSES	
Casualty loss	9,414
Loss on disposals	<u>4,320</u>
NET NON-OPERATING REVENUE	<u>528,991</u>
CHANGE IN NET ASSETS	(125,483)
NET ASSETS BEGINNING OF YEAR - RESTATED	<u>9,557,236</u>
NET ASSETS END OF YEAR	<u><u>\$ 9,431,753</u></u>

See accompanying notes to the basic financial statements

CHILLCOTHE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
Year Ended September 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from tenants	\$	545,543
Cash received from HUD		4,015,135
Cash received from other revenues		68,136
Cash payments for housing assistance payments		(2,296,527)
Cash payments for other operating expenses		(1,873,440)
Cash payments for HUD and other governments		(55,747)
		403,100
NET CASH PROVIDED BY OPERATING ACTIVITIES		403,100

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Capital grants received for capital assets		593,580
Acquisition of capital assets		(593,580)
		-
NET CASH (USED) BY FINANCING ACTIVITIES		-

CASH FLOWS FROM INVESTING ACTIVITIES

Investment activity		3,145
		3,145

INCREASE IN CASH AND CASH EQUIVALENTS 406,245

CASH AND CASH EQUIVALENTS, BEGINNING 792,153

CASH AND CASH EQUIVALENTS, ENDING \$ 1,198,398

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

Operating loss	\$	(654,474)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation		858,412
Prior period adjustments affecting operations		35,654
Casualty loss		9,414
Unfound difference		4,320
(Increase) decrease in:		
Receivables - net of allowance		157,227
Inventories - net of allowance		18,899
Prepaid expenses and other assets		(914)
Increase (decrease) in:		
Accounts payable		7,367
Intergovernmental payables		(26,236)
Accrued wages/payroll taxes		12,491
Accrued compensated absences		89,752
Tenant security deposits		900
Deferred revenues and other liabilities		(109,712)
		(109,712)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$	403,100

See accompanying notes to the basic financial statements

CHILlicothe METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
September 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

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

Reporting Entity

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

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

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

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

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

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

Basis of Presentation

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

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.

CHILLCOTHE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
September 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

Measurement Focus/Basis of Accounting

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

Description of Programs

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

Public Housing Program – The public housing program is designed to provide low-cost housing within Ross County. Under this program, HUD provides funding via an annual contribution contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the program. In fiscal year 2008 the Authority changed to project-based reporting with a Central Office Cost Center charging management fees to the projects.

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

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

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

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

Economic Development and Supportive Services Program – A grant program funded by the Department of Housing and Urban Development that encourages economic self-sufficiency among the Authority's resident population.

Inventories

Inventories are stated at the weighted-average cost and determined by first-in, first-out method.

Capital Assets

Capital assets are stated at cost. The capitalization policy of the Authority is to depreciate all non-expendable personal property having a useful life of more than one year and purchase price of \$500 or more per unit. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
September 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Buildings	40 years
Building improvements	15 years
Furniture, equipment and machinery	3-7 years
Leasehold improvements	15 years

Net Assets

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

Operating Revenues and Expenses

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

Capital Contributions

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

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 as a termination payment. All employees who meet the termination policy of the Authority for years of service are included in the calculation of the compensated absence accrual amount.

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

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

Budgetary Accounting

The Authority is required by contractual agreements to adopt annual operating budgets for all its HUD funded programs. The budget for its programs is prepared on a HUD basis, which is materially consistent with accounting principles generally accepted in the United States of America.

Accounting and Reporting Non-exchange Transactions

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

In conformity with the requirements of GASB 33, the Authority has recognized grant funds expended for capitalizable capital assets acquired after September 30, 2000 as revenues and the related depreciation thereon, as expenses in the accompanying Combined Schedule of Revenue and Expenses.

CHILlicothe METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
September 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Estimates

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

2. DEPOSITS AND INVESTMENTS

Deposits

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

- 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 periods of designation of the depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of 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 current period of designation of depositories. Interim deposits must be evidenced by time certificates maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

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

At fiscal year end September 30, 2009, the carrying amount of the Authority's deposits totaled \$1,198,398 and its bank balance was \$1,206,009. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of September 30, 2009, \$706,941 was exposed to custodial risk as discussed below, while \$499,068 was covered by the Federal Depository Insurance Corporation.

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

Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks or at member banks of the federal reserve system, in the name of the respective depository banks and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

3. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending September 30, 2009 the Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

Settled claims have not exceeded this coverage in any of the last three years. There has been no significant reduction in coverage from last year.

CHILlicothe METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
September 30, 2009

4. CAPITAL ASSETS

The following is a summary of changes:

	<u>Restated Balance 09/30/2008</u>	<u>Net Additions</u>	<u>Disposals/ Corrections</u>	<u>Balance 09/30/2009</u>
CAPITAL ASSETS, NOT BEING DEPRECIATED				
Land	\$ 1,301,488	\$ -	\$ -	\$ 1,301,488
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	1,301,488	-	-	1,301,488
CAPITAL ASSETS BEING DEPRECIATED				
Buildings	\$ 10,615,837	\$ -	\$ -	\$ 10,615,837
Furniture, machinery & equipment	571,328	64,793	(119,008)	517,113
Leasehold improvement	10,457,069	381,058	-	10,838,127
Totals at Historical Costs	<u>21,644,234</u>	<u>445,851</u>	<u>(119,008)</u>	<u>21,971,077</u>
LESS: ACCUMULATED DEPRECIATION				
Buildings	(6,784,183)	(265,393)	-	(7,049,576)
Furniture, machinery & equipments	(518,356)	(19,297)	119,008	(418,645)
Leasehold improvements	<u>(6,731,460)</u>	<u>(573,722)</u>	<u>(4,239)</u>	<u>(7,309,421)</u>
TOTAL ACCUMULATED DEPRECIATION	<u>(14,033,999)</u>	<u>(858,412)</u>	<u>114,769</u>	<u>(14,777,642)</u>
TOTAL CAPITAL ASSETS, NET, BEING DEPRECIATED	<u>\$ 7,610,235</u>	<u>\$ (412,561)</u>	<u>\$ (4,239)</u>	<u>\$ 7,193,435</u>
TOTAL CAPITAL ASSETS	<u>\$ 8,911,723</u>	<u>\$ (412,561)</u>	<u>\$ (4,239)</u>	<u>\$ 8,494,923</u>

5. DEFINED BENEFIT PENSION PLANS

All full-time employees of the Authority participate in Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. OPERS provides 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 issues 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 benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The contribution requirements of the plan members and the commission are established and may be amended by the Public Employees Retirement Board. The 2009 contribution rate for employees was 10% of their covered salaries. The 2009 contribution rate for local government employers was 14.0% of covered payroll. Of the employer contribution rate, 9.35% was the portion used to fund retirement and disability benefits.

CHILlicothe METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
September 30, 2009

5. DEFINED BENEFIT PENSION PLANS - CONTINUED

The Authority's contribution for the years ended September 30, 2009, 2008 and 2007 amounted to \$75,285, \$80,967 and \$81,270 respectively. Seventy-three percent has been contributed for 2009. All required contributions for the two previous years have been paid.

6. POSTEMPLOYMENT BENEFITS

In addition to the pension benefit obligation described above, the OPERS provides postemployment health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the Traditional Plan or Combined Plan. Health care coverage for disability recipients and primary survivor recipients is available. Members of the Member-Directed Plan do not qualify for postemployment health care coverage. The health care coverage provided by the retirement system is considered an other postemployment benefit as described in *GASB Statement No. 12*. Other postemployment benefits are advance-funded on an actuarially determined basis. A portion of each employer's contribution to the Traditional Plan or Combined Plan is set aside for the funding of postemployment health care. The Ohio Revised Code provides statutory authority for employer contributions. The 2009 contribution rate for local government employers was 14.0% of covered payroll. Of the employer contribution rate, 7.0% was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions based on OPER's latest actuarial review performed as of December 31, 2007, include a rate of return on investments of 6.5%, an annual increase in active employee total payroll of 4.0% compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50% and 6.3% based on additional annual pay increases. Health care premiums were assumed to increase between .50% and 6.0% annually for the next eight years and 4.0% annually in subsequent years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually.

On September 9, 2005, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

7. NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

8. RELATED PARTY ACTIVITY

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

9. PRIOR PERIOD ADJUSTMENTS AND RESTATED NET ASSETS

Prior period adjustments relate to a HUD receivable for HAP administrative fees that the Authority did not collect and an adjustment to correct the fixed assets to reconcile to the detailing schedules.

HAP administrative fees	\$28,315
Fixed assets corrections	<u>7,339</u>
Total prior period adjustments	<u>\$35,654</u>
Net assets beginning of year	\$9,592,890
Prior period adjustments	<u>(35,654)</u>
Net assets beginning of year - restated	<u>\$9,557,236</u>

**CHILICOTHE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
September 30, 2009**

10. SUBSEQUENT EVENTS

As of the date of this report, the unaudited HUD REAC submission has not been accepted.

CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
BALANCE SHEET
FDS SCHEDULE SUBMITTED TO HUD
PROPRIETARY FUND TYPE
ENTERPRISE FUND
September 30, 2009

Line Item No.	Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
	Balance Sheet						
111	Cash-unrestricted	\$ 181,828	\$ 698,240	\$ 195,065	\$ 1,075,133		\$ 1,075,133
113	Cash-other restricted	\$ 36,894	\$ 39,417	\$ -	\$ 76,311		\$ 76,311
114	Cash-tenant security deposits	\$ 46,954	\$ -	\$ -	\$ 46,954		\$ 46,954
100	Total Cash	\$ 265,676	\$ 737,657	\$ 195,065	\$ 1,198,398	\$ -	\$ 1,198,398
122-010	Accounts receivable - HUD other projects - Operating Subsidy	\$ 10,661	\$ -	\$ -	\$ 10,661		\$ 10,661
122-020	Accounts receivable - HUD other projects - Capital fund	\$ 37,128	\$ -	\$ -	\$ 37,128		\$ 37,128
122	Accounts receivable - HUD other projects	\$ 47,789	\$ 64,309	\$ -	\$ 112,098		\$ 112,098
125	Account receivable - miscellaneous	\$ -	\$ -	\$ 1,385	\$ 1,385		\$ 1,385
126	Accounts receivable - tenants	\$ 19,513	\$ -	\$ -	\$ 19,513		\$ 19,513
126.1	Allowance for doubtful accounts - tenants	\$ (17,900)	\$ -	\$ -	\$ (17,900)		\$ (17,900)
128	Fraud recovery	\$ -	\$ 3,224	\$ -	\$ 3,224		\$ 3,224
128.1	Allowance for doubtful accounts - fraud	\$ -	\$ (100)	\$ -	\$ (100)		\$ (100)
120	Total receivables, net of allowance for doubtful accounts	\$ 49,402	\$ 67,433	\$ 1,385	\$ 118,220	\$ -	\$ 118,220
142	Prepaid expenses and other assets	\$ 11,885	\$ -	\$ 1,154	\$ 13,039		\$ 13,039
143	Inventories	\$ 29,330	\$ -	\$ 189	\$ 29,519		\$ 29,519
144	Inter program - due from	\$ 219,385	\$ -	\$ 191,234	\$ 410,619	-\$410,619	\$ -
150	Total Current Assets	\$ 575,678	\$ 805,090	\$ 389,027	\$ 1,769,795	\$ (410,619)	\$ 1,359,176
161	Land	\$ 871,233	\$ 388,211	\$ 42,044	\$ 1,301,488		\$ 1,301,488
162	Buildings	\$ 8,590,279	\$ 1,109,706	\$ 915,852	\$ 10,615,837		\$ 10,615,837
163	Furniture, equipment and machinery - dwellings	\$ 155,695	\$ 8,707	\$ -	\$ 164,402		\$ 164,402
164	Furniture, equipment and machinery - administration	\$ 104,822	\$ 18,008	\$ 229,881	\$ 352,711		\$ 352,711
165	Leasehold improvements	\$ 9,931,135	\$ 402,665	\$ 504,327	\$ 10,838,127		\$ 10,838,127
166	Accumulated depreciation	\$ (13,127,923)	\$ (488,460)	\$ (1,161,259)	\$ (14,777,642)		\$ (14,777,642)
160	Total capital assets, net of accumulated depreciation	\$ 6,525,241	\$ 1,438,837	\$ 530,845	\$ 8,494,923	\$ -	\$ 8,494,923
180	Total Non-current Assets	\$ 6,525,241	\$ 1,438,837	\$ 530,845	\$ 8,494,923	\$ -	\$ 8,494,923
190	Total Assets	\$ 7,100,919	\$ 2,243,927	\$ 919,872	\$ 10,264,718	\$ (410,619)	\$ 9,854,099

See independent auditors' report

CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
COMBINED – REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Year Ended September 30, 2009

Line Item No.	Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
312	Accounts payable <= 90 days	\$ 83,636	\$ -	\$ 62,420	\$ 146,056		\$ 146,056
321	Accrued wage/payroll taxes payable	\$ 24,935	\$ -	\$ 19,764	\$ 44,699		\$ 44,699
322	Accrued compensated absences - current portion	\$ 20,099	\$ 6,888	\$ 40,829	\$ 67,816		\$ 67,816
333	Accounts payable - other government	\$ 25,193	\$ -	\$ -	\$ 25,193		\$ 25,193
341	Tenant security deposits	\$ 45,842	\$ -	\$ -	\$ 45,842		\$ 45,842
342-010	Deferred revenue - Operating Subsidy	\$ 9,368	\$ -	\$ -	\$ 9,368		\$ 9,368
342	Deferred revenue	\$ 9,368	\$ -	\$ -	\$ 9,368		\$ 9,368
347	Inter program - due to	\$ 152,798	\$ 165,494	\$ 92,327	\$ 410,619	-\$410,619	\$ -
310	Total Current Liabilities	\$ 361,871	\$ 172,382	\$ 215,340	\$ 749,593	\$ (410,619)	\$ 338,974
353	Non-current liabilities - other	\$ 36,894	\$ 37,660	\$ -	\$ 74,554		\$ 74,554
354	Accrued compensated absences- Non-current	\$ 1,284	\$ 7,320	\$ 214	\$ 8,818		\$ 8,818
350	Total Non-current liabilities	\$ 38,178	\$ 44,980	\$ 214	\$ 83,372	\$ -	\$ 83,372
300	Total Liabilities	\$ 400,049	\$ 217,362	\$ 215,554	\$ 832,965	\$ (410,619)	\$ 422,346
508.1	Invested in capital assets, net of related debt	\$ 6,525,241	\$ 1,438,837	\$ 530,845	\$ 8,494,923		\$ 8,494,923
511.1	Restricted Net Assets	\$ -	\$ 467,289	\$ -	\$ 467,289		\$ 467,289
512.1	Unrestricted Net Assets	\$ 175,629	\$ 120,439	\$ 173,473	\$ 469,541		\$ 469,541
513	Total Equity/Net Assets	\$ 6,700,870	\$ 2,026,565	\$ 704,318	\$ 9,431,753	\$ -	\$ 9,431,753
600	Total Liabilities and Equity/Net assets	\$ 7,100,919	\$ 2,243,927	\$ 919,872	\$ 10,264,718	\$ (410,619)	\$ 9,854,099

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CHILLCOTHE METROPOLITAN HOUSING AUTHORITY
COMBINED – REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Year Ended September 30, 2009

Line Item No.	Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
Income Statement							
70300	Net tenant rental revenue	\$ 556,196	\$ -	\$ -	\$ 556,196		\$ 556,196
70400	Tenant revenue - other	\$ 10,600	\$ -	\$ -	\$ 10,600		\$ 10,600
70500	Total Tenant Revenue	\$ 566,796	\$ -	\$ -	\$ 566,796	\$ -	\$ 566,796
70600-010	Housing assistance payments	\$ -	\$ 2,694,703	\$ -	\$ 2,694,703		\$ 2,694,703
70600	HUD PHA operating grants	\$ 1,129,557	\$ 2,801,668	\$ -	\$ 3,931,225		\$ 3,931,225
70610	Capital grants	\$ 539,580	\$ -	\$ -	\$ 539,580		\$ 539,580
70710	Management Fee	\$ -	\$ -	\$ 296,553	\$ 296,553	-\$296,553	\$ -
70720	Asset Management Fee	\$ -	\$ -	\$ 33,818	\$ 33,818	-\$33,818	\$ -
70730	Book-Keeping Fee	\$ -	\$ -	\$ 46,200	\$ 46,200	-\$46,200	\$ -
70740	Front Line Service Fee	\$ -	\$ -	\$ 44,000	\$ 44,000	-\$44,000	\$ -
70700	Total Fee Revenue	\$ -	\$ -	\$ 420,571	\$ 420,571	\$ (420,571)	\$ -
71100-010	Housing Assistance Payment	\$ -	\$ 1,843	\$ -	\$ 1,843		\$ 1,843
71100	Investment income - unrestricted	\$ 404	\$ 1,843	\$ 898	\$ 3,145		\$ 3,145
71400-010	Housing Assistance Payment	\$ -	\$ 6,610	\$ -	\$ 6,610		\$ 6,610
71400	Fraud recovery	\$ -	\$ 6,610	\$ -	\$ 6,610		\$ 6,610
71500	Other revenue	\$ 15,798	\$ -	\$ -	\$ 15,798		\$ 15,798
70000	Total Revenue	\$ 2,252,135	\$ 2,810,121	\$ 421,469	\$ 5,483,725	\$ (420,571)	\$ 5,063,154

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CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
COMBINED – REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Year Ended September 30, 2009

Line Item No.	Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
91100	Administrative salaries	\$ 86,001	\$ 106,901	\$ 166,289	\$ 359,191		\$ 359,191
91200	Auditing fees	\$ 11,109	\$ 3,434	\$ 1,404	\$ 15,947		\$ 15,947
91300	Management Fee	\$ 250,821	\$ 45,732	\$ -	\$ 296,553	-\$296,553	\$ -
91310	Book-Keeping Fee	\$ 33,818	\$ -	\$ -	\$ 33,818	-\$33,818	\$ -
91400	Advertising and Marketing	\$ 862	\$ -	\$ 606	\$ 1,468		\$ 1,468
91500	Employee benefit contributions - administrative	\$ 41,388	\$ 57,205	\$ 42,115	\$ 140,708		\$ 140,708
91600	Office Expenses	\$ 27,864	\$ 10,831	\$ 52,357	\$ 91,052		\$ 91,052
91700	Legal Expense	\$ 2,427	\$ 370	\$ 879	\$ 3,676		\$ 3,676
91800	Travel	\$ -	\$ 165	\$ 2,938	\$ 3,103		\$ 3,103
91900	Other	\$ 9,057	\$ 60,154	\$ 18,530	\$ 87,741		\$ 87,741
91000	Total Operating-Administrative	\$ 463,347	\$ 284,792	\$ 285,118	\$ 1,033,257	\$ (330,371)	\$ 702,886
92000	Asset Management Fee	\$ 46,200	\$ -	\$ -	\$ 46,200	-\$46,200	\$ -
92100	Tenant services - salaries	\$ -	\$ 8,576	\$ -	\$ 8,576		\$ 8,576
92300	Employee benefit contributions - tenant services	\$ -	\$ 4,136	\$ -	\$ 4,136		\$ 4,136
92400	Tenant services - other	\$ 550	\$ 67,373	\$ -	\$ 67,923		\$ 67,923
92500	Total Tenant Services	\$ 550	\$ 80,085	\$ -	\$ 80,635	\$ -	\$ 80,635
93100	Water	\$ 119,346	\$ -	\$ 575	\$ 119,921		\$ 119,921
93200	Electricity	\$ 171,156	\$ -	\$ 12,169	\$ 183,325		\$ 183,325
93300	Gas	\$ 18,094	\$ -	\$ 3,685	\$ 21,779		\$ 21,779
93600	Sewer	\$ 41,653	\$ -	\$ 428	\$ 42,081		\$ 42,081
93000	Total Utilities	\$ 350,249	\$ -	\$ 16,857	\$ 367,106	\$ -	\$ 367,106
94100	Ordinary maintenance and operations - labor	\$ 116,406	\$ 853	\$ -	\$ 117,259		\$ 117,259
94200	Ordinary maintenance and operations - materials and other	\$ 87,442	\$ -	\$ 990	\$ 88,432		\$ 88,432
94300-010	Ordinary Maintenance and Operations Contracts - Garbage and Trash Removal Contracts	\$ 347,090	\$ -	\$ 43,809	\$ 390,899		\$ 390,899
94300	Ordinary Maintenance and Operations Contracts	\$ 347,090	\$ -	\$ 43,809	\$ 390,899	-\$44,000	\$ 346,899
94500	Employee benefit contribution - ordinary maintenance	\$ 68,729	\$ -	\$ -	\$ 68,729		\$ 68,729
94000	Total Maintenance	\$ 619,667	\$ 853	\$ 44,799	\$ 665,319	\$ (44,000)	\$ 621,319

See independent auditors' report

CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
COMBINED – REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Year Ended September 30, 2009

Line Item No.	Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
95200	Protective services - other contract costs	\$ 34,760	\$ -	\$ -	\$ 34,760		\$ 34,760
95000	Total Protective Services	\$ 34,760	\$ -	\$ -	\$ 34,760	\$ -	\$ 34,760
96110	Property Insurance	\$ 53,810	\$ -	\$ -	\$ 53,810		\$ 53,810
96120	Liability Insurance	\$ 16,392	\$ -	\$ 1,104	\$ 17,496		\$ 17,496
96130	Workmen's Compensation	\$ 9,738	\$ -	\$ 5,347	\$ 15,085		\$ 15,085
96100	Total Insurance Premiums	\$ 79,940	\$ -	\$ 6,451	\$ 86,391	\$ -	\$ 86,391
96210	Compensated absences	\$ 23,614	\$ 15,525	\$ 36,584	\$ 75,723		\$ 75,723
96300	Payments in lieu of taxes	\$ 29,511	\$ -	\$ -	\$ 29,511		\$ 29,511
96400	Bad debt - tenant rents	\$ 21,633	\$ -	\$ -	\$ 21,633		\$ 21,633
96000	Total Other General Expenses	\$ 74,758	\$ 15,525	\$ 36,584	\$ 126,867	\$ -	\$ 126,867
96900	Total Operating Expenses	\$ 1,669,471	\$ 381,255	\$ 389,809	\$ 2,440,535	\$ (420,571)	\$ 2,019,964
97000	Excess Revenue Over Operating Expenses	\$ 582,664	\$ 2,428,866	\$ 31,660	\$ 3,043,190	\$ -	\$ 3,043,190
97200	Casualty losses- Non-capitalized	\$ 9,414	\$ -	\$ -	\$ 9,414		\$ 9,414
97300-020	Home-Ownership	\$ -	\$ 2,296,527	\$ -	\$ 2,296,527		\$ 2,296,527
97300	Housing assistance payments	\$ -	\$ 2,296,527	\$ -	\$ 2,296,527		\$ 2,296,527
97400	Depreciation expense	\$ 752,826	\$ 54,588	\$ 50,998	\$ 858,412		\$ 858,412
90000	Total Expenses	\$ 2,431,711	\$ 2,732,370	\$ 440,807	\$ 5,604,888	\$ (420,571)	\$ 5,184,317
10080	Special items, net gain/loss	\$ (4,320)	\$ -	\$ -	\$ (4,320)		\$ (4,320)
10091	Inter Project Excess Cash Transfer In	\$ 110,200	\$ -	\$ -	\$ 110,200	-\$110,200	\$ -
10092	Inter Project Excess Cash Transfer Out	\$ (110,200)	\$ -	\$ -	\$ (110,200)	\$110,200	\$ -
10093	Transfers between Programs and Projects - in	\$ 35,575	\$ -	\$ 5,575	\$ 41,150	-\$41,150	\$ -
10094	Transfers between Programs and Projects - out	\$ (11,150)	\$ -	\$ (30,000)	\$ (41,150)	\$41,150	\$ -
10100	Total other financing sources (uses)	\$ 20,105	\$ -	\$ (24,425)	\$ (4,320)	\$ -	\$ (4,320)
10000	Excess (Deficiency) of Revenue Over (Under) Expenses	\$ (159,471)	\$ 77,751	\$ (43,763)	\$ (125,483)	\$ -	\$ (125,483)

See independent auditors' report

CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
COMBINED – REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Year Ended September 30, 2009

Line Item No.	Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
11030	Beginning equity	\$ 6,867,680	\$ 1,977,129	\$ 748,081	\$ 9,592,890		\$ 9,592,890
11040-010	Prior period adjustments and correction of errors - Editable	\$ (7,339)	\$ (28,315)	\$ -	\$ (35,654)		\$ (35,654)
11040	Prior period adjustments, equity transfers, and correction of errors	\$ (7,339)	\$ (28,315)	\$ -	\$ (35,654)		\$ (35,654)
11170-001	Administrative Fee Equity- Beginning Balance	\$ -	\$ 282,583	\$ -	\$ 282,583		\$ 282,583
11170-080	Total Operating Expenses	\$ -	\$ 274,290	\$ -	\$ 274,290		\$ 274,290
11170-110	Total Expenses	\$ -	\$ 274,290	\$ -	\$ 274,290		\$ 274,290
11170-002	Net Administrative Fee	\$ -	\$ (274,290)	\$ -	\$ (274,290)		\$ (274,290)
11170-003	Administrative Fee Equity- Ending Balance	\$ -	\$ 8,293	\$ -	\$ 8,293		\$ 8,293
11170	Administrative Fee Equity	\$ -	\$ 8,293	\$ -	\$ 8,293		\$ 8,293
11180-001	Housing Assistance Payments Equity - Beginning Balance	\$ -	\$ 467,289	\$ -	\$ 467,289		\$ 467,289
11180-010	Housing Assistance Payment Revenues	\$ -	\$ 2,694,703	\$ -	\$ 2,694,703		\$ 2,694,703
11180-015	Fraud Recovery Revenue	\$ -	\$ 6,610	\$ -	\$ 6,610		\$ 6,610
11180-025	Investment Income	\$ -	\$ 1,843	\$ -	\$ 1,843		\$ 1,843
11180-030	Total HAP Revenues	\$ -	\$ 2,703,156	\$ -	\$ 2,703,156		\$ 2,703,156
11180-080	Housing Assistance Payments	\$ -	\$ 2,296,527	\$ -	\$ 2,296,527		\$ 2,296,527
11180-100	Total Housing Assistance Payments Expenses	\$ -	\$ 2,296,527	\$ -	\$ 2,296,527		\$ 2,296,527
11180-002	Net Housing Assistance Payments	\$ -	\$ 406,629	\$ -	\$ 406,629		\$ 406,629
11180-003	Housing Assistance Payments Equity-Ending Balance	\$ -	\$ 873,918	\$ -	\$ 873,918		\$ 873,918
11180	Housing Assistance Payments Equity	\$ -	\$ 873,918	\$ -	\$ 873,918		\$ 873,918
11190-210	Total ACC HCV Units	0	5880	0	5880		5880
11190	Unit Months Available	4620	5880	0	10500		10500
11210	Unit Months Leased	4509	5507	0	10016		10016
11270	Excess Cash	\$ 135,698	\$ -	\$ -	\$ 135,698		\$ 135,698
11640	Furniture & Equipment-Administrative Purchases	\$ 64,793	\$ -	\$ -	\$ 64,793		\$ 64,793
11650	Leasehold Improvements Purchases	\$ 381,138	\$ -	\$ -	\$ 381,138		\$ 381,138

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**CHILLCOTHE METROPOLITAN HOUSING AUTHORITY
COMBINED - NET ASSETS
September 30, 2009**

			14.870	14.871	14.850b
Line Item No.	Description	Total Programs	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Development
Balance Sheet					
111	Cash-unrestricted	\$ 698,240		\$698,240	
113	Cash-other restricted	\$ 39,417		\$39,417	
100	Total Cash	\$ 737,657	\$ -	\$ 737,657	\$ -
122	Accounts receivable - HUD other projects	\$ 64,309	\$22,674	\$0	\$41,635
128	Fraud recovery	\$ 3,224		\$3,224	
128.1	Allowance for doubtful accounts - fraud	\$ (100)		-\$100	
120	Total receivables, net of allowance for doubtful accounts	\$ 67,433	\$ 22,674	\$ 3,124	\$ 41,635
150	Total Current Assets	\$ 805,090	\$ 22,674	\$ 740,781	\$ 41,635
161	Land	\$ 388,211		\$162,144	\$226,067
162	Buildings	\$ 1,109,706			\$1,109,706
163	Furniture, equipment and machinery - dwellings	\$ 8,707			\$8,707
164	Furniture, equipment and machinery - administration	\$ 18,008		\$18,008	
165	Leasehold improvements	\$ 402,665			\$402,665
166	Accumulated depreciation	\$ (488,460)		-\$18,008	-\$470,452
160	Total capital assets, net of accumulated depreciation	\$ 1,438,837	\$ -	\$ 162,144	\$ 1,276,693
180	Total Non-current Assets	\$ 1,438,837	\$ -	\$ 162,144	\$ 1,276,693
190	Total Assets	\$ 2,243,927	\$ 22,674	\$ 902,925	\$ 1,318,328
322	Accrued compensated absences - current portion	\$ 6,888		\$6,888	
347	Inter program - due to	\$ 165,494	\$22,674	\$101,185	\$41,635
310	Total Current Liabilities	\$ 172,382	\$ 22,674	\$ 108,073	\$ 41,635
353	Non-current liabilities - other	\$ 37,660		\$37,660	
354	Accrued compensated absences- Non-current	\$ 7,320		\$7,320	
350	Total Non-current liabilities	\$ 44,980	\$ -	\$ 44,980	\$ -
300	Total Liabilities	\$ 217,362	\$ 22,674	\$ 153,053	\$ 41,635
508.1	Invested in capital assets, net of related debt	\$ 1,438,837		\$162,144	\$1,276,693
511.1	Restricted Net Assets	\$ 467,289		\$467,289	
512.1	Unrestricted Net Assets	\$ 120,439	\$0	\$120,439	
513	Total Equity/Net Assets	\$ 2,026,565	\$ -	\$ 749,872	\$ 1,276,693
600	Total Liabilities and Equity/Net assets	\$ 2,243,927	\$ 22,674	\$ 902,925	\$ 1,318,328

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CHILLCOTHE METROPOLITAN HOUSING AUTHORITY
PROGRAM – REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Year Ended September 30, 2009

			14.870	14.871	14.850b
Line Item No.	Description	Total Programs	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Development
Income Statement					
70600-010	Housing assistance payments	\$ 2,694,703		\$2,694,703	
70600	HUD PHA operating grants	\$ 2,801,668	\$106,965	\$ 2,694,703	
71100-010	Housing Assistance Payment	\$ 1,843		\$1,843	
71100	Investment income - unrestricted	\$ 1,843		\$ 1,843	
71400-010	Housing Assistance Payment	\$ 6,610		\$6,610	
71400	Fraud recovery	\$ 6,610		\$ 6,610	
70000	Total Revenue	\$ 2,810,121	\$ 106,965	\$ 2,703,156	\$ -
91100	Administrative salaries	\$ 106,901		\$106,901	
91200	Auditing fees	\$ 3,434		\$3,434	
91300	Management Fee	\$ 45,732		\$45,732	
91500	Employee benefit contributions - administrative	\$ 57,205		\$57,205	
91600	Office Expenses	\$ 10,831		\$10,831	
91700	Legal Expense	\$ 370		\$370	
91800	Travel	\$ 165	\$165		
91900	Other	\$ 60,154	\$26,715	\$33,439	
91000	Total Operating-Administrative	\$ 284,792	\$ 26,880	\$ 257,912	\$ -
92100	Tenant services - salaries	\$ 8,576	\$8,576		
92300	Employee benefit contributions - tenant services	\$ 4,136	\$4,136		
92400	Tenant services - other	\$ 67,373	\$67,373		
92500	Total Tenant Services	\$ 80,085	\$ 80,085	\$ -	\$ -
94100	Ordinary maintenance and operations - labor	\$ 853		\$853	
94000	Total Maintenance	\$ 853	\$ -	\$ 853	\$ -
96210	Compensated absences	\$ 15,525	\$0	\$15,525	
96000	Total Other General Expenses	\$ 15,525	\$ -	\$ 15,525	\$ -
96900	Total Operating Expenses	\$ 381,255	\$ 106,965	\$ 274,290	\$ -
97000	Excess Revenue Over Operating Expenses	\$ 2,428,866	\$ -	\$ 2,428,866	\$ -

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CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
PROGRAM – REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Year Ended September 30, 2009

Line Item No.	Description	Total Programs	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.850b Development
97300-020	Home-Ownership	\$ 2,296,527		\$2,296,527	
97300	Housing assistance payments	\$ 2,296,527		\$ 2,296,527	
97400	Depreciation expense	\$ 54,588		\$0	\$54,588
90000	Total Expenses	\$ 2,732,370	\$ 106,965	\$ 2,570,817	\$ 54,588
10000	Excess (Deficiency) of Revenue Over (Under) Expenses	\$ 77,751	\$ -	\$ 132,339	\$ (54,588)
11030	Beginning equity	\$ 1,977,129	\$0	\$645,848	\$1,331,281
11040-010	Prior period adjustments and correction of errors - Editable	\$ (28,315)		-\$28,315	
11040	Prior period adjustments, equity transfers, and correction of errors	\$ (28,315)	\$ -	\$ (28,315)	\$ -
11170-001	Administrative Fee Equity- Beginning Balance	\$ 282,583		\$282,583	
11170-080	Total Operating Expenses	\$ 274,290		\$ 274,290	
11170-110	Total Expenses	\$ 274,290		\$ 274,290	
11170-002	Net Administrative Fee	\$ (274,290)		\$ (274,290)	
11170-003	Administrative Fee Equity- Ending Balance	\$ 8,293		\$ 8,293	
11170	Administrative Fee Equity	\$ 8,293		\$ 8,293	
11180-001	Housing Assistance Payments Equity - Begining Balance	\$ 467,289		\$467,289	
11180-010	Housing Assistance Payment Revenues	\$ 2,694,703		\$ 2,694,703	
11180-015	Fraud Recovery Revenue	\$ 6,610		\$ 6,610	
11180-025	Investment Income	\$ 1,843		\$ 1,843	
11180-030	Total HAP Revenues	\$ 2,703,156		\$ 2,703,156	
11180-080	Housing Assistance Payments	\$ 2,296,527		\$ 2,296,527	
11180-100	Total Housing Assistance Payments Expenses	\$ 2,296,527		\$ 2,296,527	
11180-002	Net Housing Assistance Payments	\$ 406,629		\$ 406,629	
11180-003	Housing Assistance Payments Equity-Ending Balance	\$ 873,918		\$ 873,918	
11180	Housing Assistance Payments Equity	\$ 873,918		\$ 873,918	
11190-210	Total ACC HCV Units	5880		5,880	
11190	Unit Months Available	5880		5880	
11210	Unit Months Leased	5507		5507	

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CHILLCOTHE METROPOLITAN HOUSING AUTHORITY
COCC - NET ASSETS
September 30, 2009

Line Item No.	Description	Central Office Cost Center
Balance Sheet		
111	Cash-unrestricted	\$195,065
100	Total Cash	\$ 195,065
125	Account receivable - miscellaneous	\$1,385
120	Total receivables, net of allowance for doubtful accounts	\$ 1,385
142	Prepaid expenses and other assets	\$1,154
143	Inventories	\$189
143.1	Allowance for obsolete inventories	\$0
144	Inter program - due from	\$191,234
150	Total Current Assets	\$ 389,027
161	Land	\$42,044
162	Buildings	\$915,852
163	Furniture, equipment and machinery - dwellings	
164	Furniture, equipment and machinery - administration	\$229,881
165	Leasehold improvements	\$504,327
166	Accumulated depreciation	-\$1,161,259
160	Total capital assets, net of accumulated depreciation	\$ 530,845
180	Total Non-current Assets	\$ 530,845
190	Total Assets	\$ 919,872
311	Bank overdraft	\$0
312	Accounts payable <= 90 days	\$62,420
321	Accrued wage/payroll taxes payable	\$19,764
322	Accrued compensated absences - current portion	\$40,829
347	Inter program - due to	\$92,327
310	Total Current Liabilities	\$ 215,340
354	Accrued compensated absences- Non-current	\$214
350	Total Non-current liabilities	\$ 214
300	Total Liabilities	\$ 215,554
508.1	Invested in capital assets, net of related debt	\$530,845
512.1	Unrestricted Net Assets	\$173,473
513	Total Equity/Net Assets	\$ 704,318
600	Total Liabilities and Equity/Net assets	\$ 919,872

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CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
COCC – REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Year Ended September 30, 2009

		Income Statement		
Line Item No.	Description	COCC Total	Operations	Capital Fund
70710	Management Fee	\$ 296,553	\$296,553	
70720	Asset Management Fee	\$ 33,818	\$33,818	
70730	Book-Keeping Fee	\$ 46,200	\$46,200	
70740	Front Line Service Fee	\$ 44,000	\$44,000	
70700	Total Fee Revenue	\$ 420,571	\$ 420,571	\$ -
71100	Investment income - unrestricted	\$ 898	\$898	
70000	Total Revenue	\$ 421,469	\$ 421,469	\$ -
91100	Administrative salaries	\$ 166,289	\$166,289	
91200	Auditing fees	\$ 1,404	\$1,404	
91400	Advertising and Marketing	\$ 606	\$606	
91500	Employee benefit contributions - administrative	\$ 42,115	\$42,115	
91600	Office Expenses	\$ 52,357	\$52,357	
91700	Legal Expense	\$ 879	\$879	
91800	Travel	\$ 2,938	\$2,938	
91900	Other	\$ 18,530	\$18,530	
91000	Total Operating-Administrative	\$ 285,118	\$ 285,118	\$ -
93100	Water	\$ 575	\$575	
93200	Electricity	\$ 12,169	\$12,169	
93300	Gas	\$ 3,685	\$3,685	
93600	Sewer	\$ 428	\$428	
93000	Total Utilities	\$ 16,857	\$ 16,857	\$ -
94200	Ordinary maintenance and operations - materials and other	\$ 990	\$990	
94300-010	Ordinary Maintenance and Operations Contracts - Garbage and Trash Removal Contracts	\$ 43,809	\$43,809	
94300	Ordinary Maintenance and Operations Contracts	\$ 43,809	\$ 43,809	\$ -
94000	Total Maintenance	\$ 44,799	\$ 44,799	\$ -
96120	Liability Insurance	\$ 1,104	\$1,104	
96130	Workmen's Compensation	\$ 5,347	\$5,347	
96100	Total Insurance Premiums	\$ 6,451	\$ 6,451	\$ -
96210	Compensated absences	\$ 36,584	\$36,584	
96000	Total Other General Expenses	\$ 36,584	\$ 36,584	\$ -
96900	Total Operating Expenses	\$ 389,809	\$ 389,809	\$ -
97000	Excess Revenue Over Operating Expenses	\$ 31,660	\$ 31,660	\$ -
97400	Depreciation expense	\$ 50,998	\$50,998	\$0
90000	Total Expenses	\$ 440,807	\$ 440,807	\$ -
10093	Transfers between Programs and Projects - in	\$ 5,575	\$5,575	
10094	Transfers between Programs and Projects - out	\$ (30,000)	-\$30,000	
10100	Total other financing sources (uses)	\$ (24,425)	\$ (24,425)	\$ -
10000	Excess (Deficiency) of Revenue Over (Under) Expenses	\$ (43,763)	\$ (43,763)	\$ -
11030	Beginning equity	\$ 748,081	\$748,081	

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CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
PROJECT - NET ASSETS
September 30, 2009

Line Item No.	Description	Total Projects	OH024000010	OH024000020	OH024000030	OH024000040
111	Cash-unrestricted	\$ 181,828	\$47,899	\$24,278	\$49,312	\$60,339
113	Cash-other restricted	\$ 36,894			\$33,163	\$3,731
114	Cash-tenant security deposits	\$ 46,954	\$15,442	\$6,517	\$12,583	\$12,412
100	Total Cash	\$ 265,676	\$ 63,341	\$ 30,795	\$ 95,058	\$ 76,482
122-010	Accounts receivable - HUD other projects - Operating Subsidy	\$ 10,661	\$0	\$0	\$3,997	\$6,664
122-020	Accounts receivable - HUD other projects - Capital fund	\$ 37,128	\$35,224	\$1,904	\$0	\$0
122	Accounts receivable - HUD other projects	\$ 47,789	\$ 35,224	\$ 1,904	\$ 3,997	\$ 6,664
126	Accounts receivable - tenants	\$ 19,513	\$3,150	\$443	\$6,284	\$9,636
126.1	Allowance for doubtful accounts - tenants	\$ (17,900)	-\$2,700	-\$400	-\$6,000	-\$8,800
120	Total receivables, net of allowance for doubtful accounts	\$ 49,402	\$ 35,674	\$ 1,947	\$ 4,281	\$ 7,500
142	Prepaid expenses and other assets	\$ 11,885	\$1,757	\$724	\$5,615	\$3,789
143	Inventories	\$ 29,330	\$3,406	\$3,343	\$4,375	\$18,206
144	Inter program - due from	\$ 219,385	\$67,644	\$44,402	\$50,016	\$57,323
150	Total Current Assets	\$ 575,678	\$ 171,822	\$ 81,211	\$ 159,345	\$ 163,300
161	Land	\$ 871,233	\$138,006	\$58,000	\$358,253	\$316,974
162	Buildings	\$ 8,590,279	\$1,708,882	\$1,988,557	\$3,028,704	\$1,864,136
163	Furniture, equipment and machinery - dwellings	\$ 155,695	\$72,228	\$27,406	\$53,015	\$3,046
164	Furniture, equipment and machinery - administration	\$ 104,822	\$53,522	\$9,943	\$15,685	\$25,672
165	Leasehold improvements	\$ 9,931,135	\$3,246,913	\$445,895	\$2,553,630	\$3,684,697
166	Accumulated depreciation	\$ (13,127,923)	-\$3,907,592	-\$1,734,512	-\$3,010,260	-\$4,475,559
160	Total capital assets, net of accumulated depreciation	\$ 6,525,241	\$ 1,311,959	\$ 795,289	\$ 2,999,027	\$ 1,418,966
180	Total Non-current Assets	\$ 6,525,241	\$ 1,311,959	\$ 795,289	\$ 2,999,027	\$ 1,418,966
190	Total Assets	\$ 7,100,919	\$ 1,483,781	\$ 876,500	\$ 3,158,372	\$ 1,582,266

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CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
PROJECT - NET ASSETS
September 30, 2009

Line Item No.	Description	Total Projects	OH024000010	OH024000020	OH024000030	OH024000040
312	Accounts payable <= 90 days	\$ 83,636	\$39,125	\$9,968	\$17,748	\$16,795
321	Accrued wage/payroll taxes payable	\$ 24,935	\$7,649	\$4,228	\$5,262	\$7,796
322	Accrued compensated absences - current portion	\$ 20,099	\$8,042	\$5,963	\$2,015	\$4,079
333	Accounts payable - other government	\$ 25,193	\$16,568	\$7,672	\$953	\$0
341	Tenant security deposits	\$ 45,842	\$15,401	\$6,180	\$12,350	\$11,911
342-010	Deferred revenue - Operating Subsidy	\$ 9,368	\$0	\$0	\$9,368	
342	Deferred revenue	\$ 9,368	\$ -	\$ -	\$ 9,368	\$ -
347	Inter program - due to	\$ 152,798	\$69,047	\$24,105	\$24,321	\$35,325
310	Total Current Liabilities	\$ 361,871	\$ 155,832	\$ 58,116	\$ 72,017	\$ 75,906
353	Non-current liabilities - other	\$ 36,894			\$33,163	\$3,731
354	Accrued compensated absences- Non-current	\$ 1,284	\$1,284	\$0	\$0	\$0
350	Total Non-Current Liabilities	\$ 38,178	\$ 1,284	\$ -	\$ 33,163	\$ 3,731
300	Total Liabilities	\$ 400,049	\$ 157,116	\$ 58,116	\$ 105,180	\$ 79,637
508.1	Invested in capital assets, net of related debt	\$ 6,525,241	\$1,311,959	\$795,289	\$2,999,027	\$1,418,966
512.1	Unrestricted Net Assets	\$ 175,629	\$14,706	\$23,095	\$54,165	\$83,663
513	Total Equity/Net Assets	\$ 6,700,870	\$ 1,326,665	\$ 818,384	\$ 3,053,192	\$ 1,502,629
600	Total Liabilities and Equity/Net assets	\$ 7,100,919	\$ 1,483,781	\$ 876,500	\$ 3,158,372	\$ 1,582,266

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CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
PROJECT – REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Year Ended September 30, 2009

Line Item No.	Description	Total Projects	OH024000010	Operating Fund Program	Capital Fund Program	OH024000020	Operating Fund Program	Capital Fund Program	OH024000030	Operating Fund Program	Capital Fund Program	OH024000040	Operating Fund Program	Capital Fund Program
70300	Net tenant rental revenue	\$ 556,196	\$ 319,065	\$319,065		\$ 134,267	\$134,267		\$ 69,502	\$69,502		\$ 33,362	\$33,362	
70400	Tenant revenue - other	\$ 10,600	\$ 7,670	\$7,670		\$ 2,930	\$2,930		\$ -			\$ -		
70500	Total Tenant Revenue	\$ 566,796	\$ 326,735	\$ 326,735	\$ -	\$ 137,197	\$ 137,197	\$ -	\$ 69,502	\$ 69,502	\$ -	\$ 33,362	\$ 33,362	\$ -
70600	HUD PHA operating grants	\$ 1,129,557	\$ 270,473	\$252,113	\$18,360	\$ 109,129	\$102,109	\$7,020	\$ 345,351	\$332,391	\$12,960	\$ 404,604	\$388,944	\$15,660
70610	Capital grants	\$ 539,580	\$ 169,755		\$169,755	\$ 20,420		\$20,420	\$ 213,301		\$213,301	\$ 136,104		\$136,104
71100	Investment income - unrestricted	\$ 404	\$ 30	\$30		\$ 13	\$13		\$ 294	\$294		\$ 67	\$67	
71500	Other revenue	\$ 15,798	\$ 553	\$553		\$ 76	\$76		\$ 2,187	\$2,187		\$ 12,982	\$12,982	
70000	Total Revenue	\$ 2,252,135	\$ 767,546	\$ 579,431	\$ 188,115	\$ 266,835	\$ 239,395	\$ 27,440	\$ 630,635	\$ 404,374	\$ 226,261	\$ 587,119	\$ 435,355	\$ 151,764
91100	Administrative salaries	\$ 86,001	\$ 28,568	\$28,568		\$ 11,200	\$11,200		\$ 21,434	\$21,434		\$ 24,799	\$24,799	
91200	Auditing fees	\$ 11,109	\$ 3,777	\$3,777		\$ 1,444	\$1,444		\$ 2,666	\$2,666		\$ 3,222	\$3,222	
91300	Management Fee	\$ 250,821	\$ 104,812	\$69,588	\$35,224	\$ 28,405	\$26,501	\$1,904	\$ 53,836	\$50,028	\$3,808	\$ 63,768	\$57,104	\$6,664
91310	Book-Keeping Fee	\$ 33,818	\$ 11,580	\$11,580		\$ 4,410	\$4,410		\$ 8,325	\$8,325		\$ 9,503	\$9,503	
91400	Advertising and Marketing	\$ 862	\$ 238	\$238		\$ 113	\$113		\$ 232	\$232		\$ 279	\$279	
91500	Employee benefit contributions - administrative	\$ 41,388	\$ 15,641	\$15,641		\$ 6,217	\$6,217		\$ 9,006	\$9,006		\$ 10,524	\$10,524	
91600	Office Expenses	\$ 27,864	\$ 11,610	\$11,610		\$ 6,689	\$6,689		\$ 4,005	\$4,005		\$ 5,560	\$5,560	
91700	Legal Expense	\$ 2,427	\$ -	\$0		\$ -			\$ (404)	-\$404		\$ 2,831	\$2,831	
91900	Other	\$ 9,057	\$ 4,233	\$4,233	\$0	\$ 1,009	\$1,009	\$0	\$ 1,698	\$1,698	\$0	\$ 2,117	\$2,117	\$0
91000	Total Operating-Administrative	\$ 463,347	\$ 180,459	\$ 145,235	\$ 35,224	\$ 59,487	\$ 57,583	\$ 1,904	\$ 100,798	\$ 96,990	\$ 3,808	\$ 122,603	\$ 115,939	\$ 6,664
92000	Asset Management Fee	\$ 46,200	\$ 15,600	\$15,600		\$ 5,880	\$5,880		\$ 11,400	\$11,400		\$ 13,320	\$13,320	
92400	Tenant services - other	\$ 550	\$ 100	\$100		\$ 150	\$150		\$ 100	\$100		\$ 200	\$200	
92500	Total Tenant Services	\$ 550	\$ 100	\$ 100	\$ -	\$ 150	\$ 150	\$ -	\$ 100	\$ 100	\$ -	\$ 200	\$ 200	\$ -
93100	Water	\$ 119,346	\$ 23,469	\$23,469		\$ 9,442	\$9,442		\$ 56,931	\$56,931		\$ 29,504	\$29,504	
93200	Electricity	\$ 171,156	\$ 109,369	\$109,369		\$ 40,713	\$40,713		\$ 6,512	\$6,512		\$ 14,562	\$14,562	
93300	Gas	\$ 18,094	\$ -	\$0		\$ 6,772	\$6,772		\$ 5,084	\$5,084		\$ 6,238	\$6,238	
93600	Sewer	\$ 41,653	\$ 8,105	\$8,105		\$ 2,233	\$2,233		\$ 21,519	\$21,519		\$ 9,796	\$9,796	
93000	Total Utilities	\$ 350,249	\$ 140,943	\$ 140,943	\$ -	\$ 59,160	\$ 59,160	\$ -	\$ 90,046	\$ 90,046	\$ -	\$ 60,100	\$ 60,100	\$ -
94100	Ordinary maintenance and operations - labor	\$ 116,406	\$ 36,834	\$36,834		\$ 26,337	\$26,337		\$ 25,272	\$25,272		\$ 27,963	\$27,963	
94200	Ordinary maintenance and operations - materials and other	\$ 87,442	\$ 27,300	\$27,300		\$ 8,017	\$8,017		\$ 32,236	\$32,236		\$ 19,889	\$19,568	\$321
94300-010	Ordinary Maintenance and Operations Contracts - Garbage and Trash Removal Contracts	\$ 347,090	\$ 141,234	\$136,734	\$4,500	\$ 33,626	\$33,626		\$ 71,518	\$71,518		\$ 100,712	\$93,279	\$7,433
94300	Ordinary Maintenance and Operations Contracts	\$ 347,090	\$ 141,234	\$ 136,734	\$ 4,500	\$ 33,626	\$ 33,626	\$ -	\$ 71,518	\$ 71,518	\$ -	\$ 100,712	\$ 93,279	\$ 7,433
94500	Employee benefit contribution - ordinary maintenance	\$ 68,729	\$ 15,873	\$15,873		\$ 16,148	\$16,148		\$ 17,326	\$17,326		\$ 19,382	\$19,382	
94000	Total Maintenance	\$ 619,667	\$ 221,241	\$ 216,741	\$ 4,500	\$ 84,128	\$ 84,128	\$ -	\$ 146,352	\$ 146,352	\$ -	\$ 167,946	\$ 160,192	\$ 7,754

See independent auditors' report

CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
PROJECT – REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Year Ended September 30, 2009

Line Item No.	Description	Total Projects	OH024000010	Operating Fund Program	Capital Fund Program	OH024000020	Operating Fund Program	Capital Fund Program	OH024000030	Operating Fund Program	Capital Fund Program	OH024000040	Operating Fund Program	Capital Fund Program
95200	Protective services - other contract costs	\$ 34,760	\$ 7,383	\$2,250	\$5,133	\$ 4,862	\$845	\$4,017	\$ 11,353	\$1,560	\$9,793	\$ 11,162	\$1,885	\$9,277
95000	Total Protective Services	\$ 34,760	\$ 7,383	\$ 2,250	\$ 5,133	\$ 4,862	\$ 845	\$ 4,017	\$ 11,353	\$ 1,560	\$ 9,793	\$ 11,162	\$ 1,885	\$ 9,277
96110	Property Insurance	\$ 53,810	\$ 5,396	\$5,396		\$ 2,278	\$2,278		\$ 28,490	\$28,490		\$ 17,646	\$17,646	
96120	Liability Insurance	\$ 16,392	\$ 5,506	\$5,506		\$ 2,118	\$2,118		\$ 4,021	\$4,021		\$ 4,747	\$4,747	
96130	Workmen's Compensation	\$ 9,738	\$ 2,528	\$2,528		\$ 1,515	\$1,515		\$ 2,472	\$2,472		\$ 3,223	\$3,223	
96100	Total Insurance Premiums	\$ 79,940	\$ 13,430	\$ 13,430	\$ -	\$ 5,911	\$ 5,911	\$ -	\$ 34,983	\$ 34,983	\$ -	\$ 25,616	\$ 25,616	\$ -
96210	Compensated absences	\$ 23,614	\$ 6,277	\$6,277		\$ 5,484	\$5,484		\$ 3,923	\$3,923		\$ 7,930	\$7,930	
96300	Payments in lieu of taxes	\$ 29,511	\$ 16,568	\$16,568		\$ 7,672	\$7,672		\$ 5,271	\$5,271		\$ -	\$0	
96400	Bad debt - tenant rents	\$ 21,633	\$ 2,923	\$2,923		\$ 24	\$24		\$ 8,239	\$8,239		\$ 10,447	\$10,447	
96000	Total Other General Expenses	\$ 74,758	\$ 25,768	\$ 25,768	\$ -	\$ 13,180	\$ 13,180	\$ -	\$ 17,433	\$ 17,433	\$ -	\$ 18,377	\$ 18,377	\$ -
96900	Total Operating Expenses	\$ 1,669,471	\$ 604,924	\$ 560,067	\$ 44,857	\$ 232,758	\$ 226,837	\$ 5,921	\$ 412,465	\$ 398,864	\$ 13,601	\$ 419,324	\$ 395,629	\$ 23,695
97000	Excess Revenue Over Operating Expenses	\$ 582,664	\$ 162,622	\$ 19,364	\$ 143,258	\$ 34,077	\$ 12,558	\$ 21,519	\$ 218,170	\$ 5,510	\$ 212,660	\$ 167,795	\$ 39,726	\$ 128,069
97200	Casualty losses- Non-capitalized	\$ 9,414	\$ 83	\$83		\$ -	\$0		\$ 6,522	\$6,522		\$ 2,809	\$2,809	
97400	Depreciation expense	\$ 752,826	\$ 210,347	\$180,033	\$30,314	\$ 75,332	\$74,416	\$916	\$ 200,803	\$148,043	\$52,760	\$ 266,344	\$246,428	\$19,916
90000	Total Expenses	\$ 2,431,711	\$ 815,354	\$ 740,183	\$ 75,171	\$ 308,090	\$ 301,253	\$ 6,837	\$ 619,790	\$ 553,429	\$ 66,361	\$ 688,477	\$ 644,866	\$ 43,611
10080	Special items, net gain/loss	\$ (4,320)	\$ -			\$ -			\$ -			\$ (4,320)	\$-4,320	
10091	Inter Project Excess Cash Transfer In	\$ 110,200	\$ 45,360	\$45,360		\$ 36,220	\$36,220		\$ 12,960	\$12,960		\$ 15,660	\$15,660	
10092	Inter Project Excess Cash Transfer Out	\$ (110,200)	\$ (18,360)		-\$18,360	\$ (7,020)		-\$7,020	\$ (22,160)	-\$9,200	-\$12,960	\$ (62,660)	-\$47,000	-\$15,660
10093	Transfers between Programs and Projects - in	\$ 35,575	\$ 35,575	\$35,575		\$ -			\$ -			\$ -		
10094	Transfers between Programs and Projects - out	\$ (11,150)	\$ (11,150)	-\$5,575	-\$5,575	\$ -			\$ -			\$ -		
10100	Total other financing sources (uses)	\$ 20,105	\$ 51,425	\$ 75,360	\$ (23,935)	\$ 29,200	\$ 36,220	\$ (7,020)	\$ (9,200)	\$ 3,760	\$ (12,960)	\$ (51,320)	\$ (35,660)	\$ (15,660)
10000	Excess (Deficiency) of Revenue Over (Under) Expenses	\$ (159,471)	\$ 3,617	\$ (85,392)	\$ 89,009	\$ (12,055)	\$ (25,638)	\$ 13,583	\$ 1,645	\$ (145,295)	\$ 146,940	\$ (152,678)	\$ (245,171)	\$ 92,493
11030	Beginning equity	\$ 6,867,680	\$ 1,323,048	\$1,017,602	\$305,446	\$ 830,439	\$824,588	\$5,851	\$ 3,058,886	\$2,453,076	\$605,810	\$ 1,655,307	\$1,459,623	\$195,684
11040-010	Prior period adjustments and correction of errors - Editable	\$ (7,339)	\$ -	\$0		\$ -	\$0		\$ (7,339)	-\$7,339	\$0	\$ -	\$0	
11040	Prior period adjustments, equity transfers, and correction of errors	\$ (7,339)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (7,339)	\$ (7,339)	\$ -	\$ -	\$ -	\$ -
11190	Unit Months Available	4620	1560	1560		588	588		1140	1140		1332	1332	
11210	Unit Months Leased	4509	1544	1544		588	588		1110	1110		1267	1267	
11270	Excess Cash	\$ 135,698	\$ 10,827	\$ 10,827	\$ -	\$ 19,028	\$ 19,028	\$ -	\$ 44,175	\$ 44,175	\$ -	\$ 61,668	\$ 61,668	\$ -
11640	Furniture & Equipment-Administrative Purchases	\$ 64,793	\$ 41,810		\$41,810	\$ -			\$ -			\$ 22,983		\$22,983
11650	Leasehold Improvements Purchases	\$ 381,138	\$ 77,513		\$77,513	\$ 14,499		\$14,499	\$ 199,700	\$199,700		\$ 89,426		\$89,426

See independent auditors' report

**CHILICOTHE METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended September 30, 2009**

	FEDERAL CFDA NUMBER	FUNDS EXPENDED
<u>FROM U.S. DEPARTMENT OF HUD</u>		
<u>DIRECT PROGRAMS</u>		
PHA Owned Housing:		
Public and Indian Housing	14.850A	\$ 1,075,557
Resident Opportunity and Supportive Services	14.870	106,965
Public Housing Capital Fund	14.872	593,580
Housing Assistance Payments:		
Annual Contribution -		
Section 8 Housing Choice Vouchers	14.871	2,694,703
Total - All Programs		\$ 4,470,805

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**CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
COST CERTIFICATION
Year Ended September 30, 2009**

	<u>501-05</u>	<u>501-06</u>
TOTAL EXPENDITURES	\$ <u>572,352</u>	\$ <u>595,490</u>
TOTAL RECEIPTS	\$ <u>572,352</u>	\$ <u>595,490</u>

1. The actual cost certificate was signed by the Authority.
2. All costs have been paid through September 30, 2009 and there are no outstanding liabilities.
3. The final costs on the certificates agree with the Authority's records.

See independent auditors' report



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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
Chillicothe Metropolitan Housing Authority
Chillicothe, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited the basic financial statements for Chillicothe Metropolitan Housing Authority as of and for the year ended September 30, 2009 and have issued our report thereon dated February 26, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Chillicothe Metropolitan Housing Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Chillicothe Metropolitan Housing Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

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 Authority'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. We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: FINDING #2009-0426-001.

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.

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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. The deficiency noted above is considered a material weakness.

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Compliance and Other Matters

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

We have noted other matters we reported to management in a separate letter dated February 26, 2010.

The authority's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Authority's response and, accordingly, we express no opinion on it.

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



Jones, Cochenour & Co.
February 26, 2010



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

Board of Directors
Chillicothe Metropolitan Housing Authority
Chillicothe, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Compliance

We have audited the compliance of Chillicothe Metropolitan Housing Authority 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 September 30, 2009. Chillicothe Metropolitan Housing Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Chillicothe Metropolitan Housing Authority's management. Our responsibility is to express an opinion on Chillicothe Metropolitan Housing Authority's compliance based on our audit.

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

In our opinion, Chillicothe Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2009

Internal Control Over Compliance

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

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A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program 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 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 the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be a material weaknesses, as defined above.

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



**Jones, Cochenour & Co.
February 26, 2010**

**Summary of Auditors' Results and Schedule of Findings
OMB Circular A-133 § .505**

**Chillicothe Metropolitan Housing Authority
September 30, 2009**

1. SUMMARY OF AUDITORS' RESULTS

Financial Statements:	
Type of Financial Statement Opinion	Unqualified
At the financial statement level, were there any material weaknesses reported?	Yes
At the financial statement level, were there any significant deficiencies identified that are not considered material weaknesses?	No
At the financial statement level, was there any material noncompliance?	No
Federal Awards:	
Were there any material weaknesses in internal control over major programs identified?	No
Were there any significant deficiencies that are not considered to be material weaknesses in internal control over major programs?	No
Type of Major Program Compliance Opinion	Unqualified
Are there any audit findings under § .510(a) of OMB Circular A-133?	No
Major Programs:	CFDA# 14.871 Section 8 Housing Choice Vouchers
Dollar Threshold: Type A/B Programs	\$300,000
Low Risk Auditee?	Yes

Summary of Auditors' Results and Schedule of Findings
OMB Circular A-133 § .505 - Continued

Chillicothe Metropolitan Housing Authority
September 30, 2009

2. FINDINGS RELATED TO FINANCIAL STATEMENTS

FINDING #2009-0426-001 – THE AUTHORITY DOES NOT HAVE ADEQUATE CONTROLS TO ENSURE ACCURATE FINANCIAL REPORTING.

Criteria: It is the responsibility of the Authority's management to design and follow internal controls that provide reasonable assurance regarding the reliability of financial reporting.

Condition: We identified the following deficiencies in internal controls over financial reporting that represent a significant deficiency:

- An adequate review process was not in place that would allow staff to detect errors before financial statements were presented to auditors.
- The Schedule of Expenditures of Federal Awards was overstated.

Context: The deficiencies were discovered during our audit procedures of the financial statement balances.

Effect: The weaknesses in internal controls described above resulted in significant errors in the original financial statements (the FDS) received for audit.

- The financial statements understated the Capital Funds by \$54,000 and overstated the Public Housing operating subsidies by \$54,000.
- Adjusting entries for \$67,234 were posted incorrectly to non-current liability accounts. The net effect of the misclassification on the total liabilities was \$0.
- The Schedule of Expenditures of Federal Awards was overstated by \$106,965.

Cause: The cause for the misstatement was recording errors and not adequately monitoring the financial statement preparation to detect errors and ensure the accuracy and reasonableness of financial reporting.

Recommendation: We recommend that in the future, more care is taken in the preparation of the financial statements and that the Authority establish and follow a review process for all aspects of the financial statement to ensure the statements and supporting schedules are presented accurately before given for audit. We also recommend that the capital asset and depreciation schedules include all yearly activity as it relates to additions and disposals in each category.

Views of the responsible officials and planned corrective actions: Management has reviewed the issues noted and agrees. Steps have already been taken to correct the depreciation schedule as requested and management will more closely review the final financial statements before submitting to the auditors.

3. FINDINGS RELATED TO FEDERAL AWARDS

There were no findings for the year ended September 30, 2009.

CHILLCOTHE METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
September 30, 2009

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid ; Explain:
2008-0426-001	Errors in Financial Statements and Depreciation Schedule	No	Partially corrected. Reissued as 2009-0426-001 with additional comments.



Mary Taylor, CPA
Auditor of State

CHILlicothe METROPOLITAN HOUSING AUTHORITY

ROSS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 8, 2010**