

Pickaway Metropolitan Housing Authority

Pickaway County, Ohio

Single Audit

January 1, 2009 through December 31, 2009

Year Audited Under GAGAS: 2009



Balestra, Harr & Scherer, CPAs, Inc.

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Mary Taylor, CPA
Auditor of State

Board of Commissioners
Pickaway Metropolitan Housing Authority
176 Rustic Drive
Circleville, Ohio 43113

We have reviewed the *Independent Auditor's Report* of the Pickaway Metropolitan Housing Authority, Pickaway County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2009 through December 31, 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 Pickaway Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 15, 2010

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Pickaway Metropolitan Housing Authority
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For the Year Ended December 31, 2009

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Independent Auditor's Report

Board of Commissioners
Pickaway Metropolitan Housing Authority
176 Rustic Drive
Circleville, Ohio 43113

We have audited the basic financial statements of the business-type activities of the Pickaway Metropolitan Housing Authority (the Authority), Pickaway County, Ohio, as of and for the year ended December 31, 2009, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Pickaway Metropolitan Housing Authority, Pickaway County, Ohio, as of December 31, 2009, and the changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

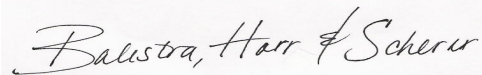
In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2010, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting, or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding methods of measurement and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Board of Commissioners
Pickaway Metropolitan Housing Authority
Independent Auditor's Report

We conducted our audit to opine on the financial statements that collectively comprise the Authority's basic financial statements. The supplemental financial data is presented for additional analysis as required by the U.S. Department of Housing and Urban Development and is not a required part of the basic financial statements. Such information has been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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



Balestra, Harr & Scherer, CPAs, Inc.
May 21, 2010

**PICKAWAY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2009
(Unaudited)**

It is a privilege to present for you the financial picture of Pickaway Metropolitan Housing Authority. The Pickaway 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 statements.

FINANCIAL HIGHLIGHTS

- The revenue increased by \$465,327 (or 11.46%) during 2009, and was \$4,527,193 and \$4,061,867 for 2009 and 2008, respectively.
- The total expenses increased by \$117,592 (or 2.68%). Total expenses were \$4,510,613 and \$4,393,021 for 2009 and 2008, respectively.

BASIC FINANCIAL STATEMENTS

The basic financial statements are designed to be corporate-like in that all business type programs are consolidated into one single enterprise fund for the 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 basic financial statements also 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 for operating activities, non-capital financing activities, and from capital and related financing activities.

**PICKAWAY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2009
(Unaudited)**

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

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

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

Williamsport Terrace (WT) – This is a multiple family housing project funded by the United States Department of Agriculture. Each month subsidy is paid to the authority and the USDA deducts the mortgage payment from that subsidy. The rental assistance part of the subsidy is reflected as federal expenditures for this program.

Other Business Activities – This is the miscellaneous activities of the authority that currently include housing activities outside the scope of the conventional and housing choice voucher programs. Houses were developed and sold with attached second and third mortgages of which the authority tracks the activities. The proceeds from the sales are retained in this account to be used at the discretion of the housing authority. Management contracts for non-profit elderly projects.

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority subsidizes rents to independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides funding to enable the Authority to structure a lease that requires the participant to pay a rent based on a percentage of their adjusted gross household income, typically 30%, and the Housing Authority subsidizes the balance.

**PICKAWAY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2009
(Unaudited)**

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS

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

TABLE 1

	<u>2009</u>	<u>2008</u>
Current and other assets	\$ 1,672,225	\$ 1,215,906
Capital assets, net	<u>5,350,958</u>	<u>5,397,458</u>
TOTAL ASSETS	<u>7,023,183</u>	<u>6,613,364</u>
Current liabilities	438,731	103,130
Long-term liabilities	<u>646,100</u>	<u>588,462</u>
TOTAL LIABILITIES	<u>1,084,831</u>	<u>691,592</u>
Net assets:		
Invested in capital assets, net of related debt	4,764,667	4,874,146
Restricted	411,749	116,062
Unrestricted	<u>761,936</u>	<u>931,564</u>
TOTAL NET ASSETS	<u>\$ 5,938,352</u>	<u>\$ 5,921,772</u>

MAJOR FACTORS AFFECTING THE STATEMENT OF NET ASSETS

There was one main factor that resulted in lower unrestricted net assets in 2009:

- 1) The January 2010 HAP was available at year end 2009 and will be expended in 2010. This resulted in more cash reserves at year end 2009 and more current liabilities due to funds being recorded as deferred revenue of \$316,219.

**PICKAWAY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2009
(Unaudited)**

**TABLE 2
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

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

	<u>2009</u>	<u>2008</u>
Revenues		
Tenant revenue - rents and other	\$ 255,575	\$ 266,536
Operating subsidies and grants	3,924,371	3,598,518
Capital grants	293,295	168,320
Investment income/other revenues	53,953	28,493
TOTAL REVENUE	4,527,194	4,061,867
Expenses		
Administration	613,957	565,884
Tenant services	75,776	1,155
Utilities	101,013	102,483
Maintenance	295,390	254,230
Protective services	-	46
General	52,166	36,369
Housing assistance payments	2,951,385	3,011,375
Depreciation	380,720	379,404
Interest expense	11,048	11,691
Bad debt/fraud losses	29,158	30,384
TOTAL EXPENSES	4,510,613	4,393,021
Operating/Program transfer in	165,084	15,000
Operating/Program transfer out	165,084	(15,000)
NET INCREASE (DECREASE)	\$ 16,581	\$ (331,154)

Major Factors Affecting the Statement of Revenue, Expenses and Changes In Net Assets

The following circumstances contributed to a increase in 2009 revenues:

- 1) Draws against the Capital Fund grant were higher in 2009 due to the scope and timing of projects as detailed above.
- 2) Investment income was higher due to improved interest rates and the Authority received other miscellaneous revenues.

The following circumstances contributed to an increase in 2009 expenses:

- 1) The amount of HAP payments issued in 2009 remained consistent.
- 2) There was an increase in maintenance costs in 2009. Maintenance costs increased due to the rising cost of maintenance materials, as well as the nature of the projects completed by the maintenance staff. Additionally, PMHA properties exist at scattered locations throughout Pickaway County, and the increase in the cost of gasoline during the summer of 2009 also contributed to the increase in costs associated with the maintenance department.
- 3) Tenant services increased due to a grant received in 2009.
- 4) Administration increased due to additional grants funding.

**PICKAWAY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2009
(Unaudited)**

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

As of year end, the Authority had \$5,350,958 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (addition, deductions and depreciation) of \$46,500 from the end of last year.

**TABLE 3
CAPITAL ASSETS AT YEAR-END
(NET OF DEPRECIATION)**

	2009	2008
Land and land rights	\$ 684,414	\$ 684,414
Buildings	9,988,023	9,702,325
Equipment - administrative	216,157	216,157
Equipment - dwellings	99,992	92,395
Leasehold improvements	57,495	57,495
Construction in progress	40,926	-
Accumulated depreciation	(5,736,049)	(5,355,328)
TOTAL	\$ 5,350,958	\$ 5,397,458

The following reconciliation summarizes the change in Capital Assets. See note 3 of the notes to the basic financial statements for additional information on capital assets.

**TABLE 4
CHANGE IN CAPITAL ASSETS**

BEGINNING BALANCE	\$ 5,397,458
Additions	334,221
Depreciation	(380,721)
ENDING BALANCE	\$ 5,350,958
 This year's major additions are:	
Capital improvements (CFP) completed on variety of the Authority's Public Housing complexes	\$ 293,295

DEBT ADMINISTRATION

The Authority's debt is listed as current and long-term debt on the statement of net assets and is a loan in the Williamsport Terrace project a FHA project. The Authority also obtained a construction loan during the year to renovate a new building acquired. See note 9 of the notes to the basic financial statements for additional information on debt.

**PICKAWAY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2009
(Unaudited)**

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding levels of 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
- Market rates for rental housing

IN CONCLUSION

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

FINANCIAL CONTACT

If you have any questions regarding this report, you may contact Kim Hartinger, Executive Director of the Pickaway Metropolitan Housing Authority at (740) 477-2514.

Pickaway Metropolitan Housing Authority
Statement of Net Assets
As of December 31, 2009

ASSETS	
Current Assets	
Cash and cash equivalents	\$ 933,315
Investments - unrestricted	188,279
Receivables, net of allowance	63,038
Inventories, net	9,985
Prepaid expenses and other assets	<u>26,766</u>
Total current assets	1,221,383
Noncurrent assets	
Cash and cash equivalents - restricted	211,600
Investments - restricted	239,243
Nondepreciable capital assets	725,340
Depreciable capital assets, net of accumulated depreciation	<u>4,625,618</u>
Total noncurrent assets	<u>5,801,801</u>
TOTAL ASSETS	7,023,184
LIABILITIES	
Current liabilities	
Accounts payable	16,145
Accrued liabilities	69,205
Intergovernmental payables	10,712
Tenant security deposits	23,350
Deferred revenue	316,219
Long-term debt - current portion	<u>3,100</u>
Total current liabilities	438,731
Noncurrent liabilities	
Long-term debt	583,191
Noncurrent liabilities - other	15,744
Compensated absences	<u>47,165</u>
Total noncurrent liabilities	<u>646,100</u>
TOTAL LIABILITIES	1,084,831
NET ASSETS	
Invested in capital assets, net of related debt	4,764,667
Restricted net assets	411,749
Unrestricted	<u>761,937</u>
TOTAL NET ASSETS	<u>\$ 5,938,353</u>

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

Pickaway Metropolitan Housing Authority
Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended December 31, 2009

OPERATING REVENUES	
Tenant revenue	\$ 255,575
Government operating grants	3,924,371
Other revenues	<u>38,907</u>
 TOTAL OPERATING REVENUES	 4,218,853
 OPERATING EXPENSES	
Administrative	613,957
Tenant services	75,776
Utilities	101,013
Maintenance	295,390
Insurance	34,551
Payment in Lieu of Taxes	10,712
General	6,903
Housing assistance payments	2,951,385
Bad Debts	29,158
Depreciation expense	<u>380,720</u>
 TOTAL OPERATING EXPENSES	 <u>4,499,565</u>
 OPERATING LOSS	 (280,712)
 NON-OPERATING REVENUES/(EXPENSES)	
Capital grants	293,295
Investment income	15,046
Interest expense	<u>(11,048)</u>
 TOTAL NON-OPERATING REVENUES/(EXPENSES)	 <u>297,293</u>
 CHANGE IN NET ASSETS	 16,581
 NET ASSETS BEGINNING OF YEAR	 <u>5,921,772</u>
 NET ASSETS END OF YEAR	 <u>\$ 5,938,353</u>

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

Pickaway Metropolitan Housing Authority
Statement of Cash Flows
For the Year Ended December 31, 2009

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from tenants	\$ 279,362
Cash received from HUD and other governments	4,240,356
Cash received from other operating sources	38,907
Cash payments for housing assistance payments	(2,951,385)
Cash payments for administrative and operating expenses	<u>(1,153,660)</u>
NET CASH USED FOR OPERATING ACTIVITIES	453,580
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal payments	(3,028)
Capital grants	293,295
Interest expense	(11,048)
Loan proceeds	66,008
Acquisition of capital assets	<u>(334,221)</u>
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	11,006
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	15,929
Transferred to checking	<u>94,011</u>
NET CASH USED FOR INVESTING ACTIVITIES	109,940
NET INCREASE IN CASH AND CASH EQUIVALENTS	574,526
CASH AND CASH EQUIVALENTS, BEGINNING	<u>570,389</u>
CASH AND CASH EQUIVALENTS, ENDING	<u><u>\$ 1,144,915</u></u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET	
CASH USED FOR OPERATING ACTIVITIES	
Operating loss	\$ (280,712)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation	380,720
(Increase) decrease in:	
Receivables, net of allowance	23,787
Prepaid expenses and other assets	1,343
Inventories, net of allowance	(1,818)
Increase (decrease) in:	
Accounts payable	(6,878)
Accounts payable - HUD/other governments	2,191
Tenant security deposits	1,783
Accrued wages and payroll taxes	22,120
Accrued compensated absences	2,096
Deferred revenues	315,985
FSS liabilities	<u>(7,037)</u>
NET CASH USED FOR OPERATING ACTIVITIES	<u><u>\$ 453,580</u></u>

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

Pickaway Metropolitan Housing Authority

Notes to the Basic Financial Statements

Year Ended December 31, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Pickaway Metropolitan Housing Authority (PMHA or Authority) was created under the Ohio Revised Code Section 3735.27 to engage in the acquisition, development, leasing, and administration of low-rent housing programs. An Annual Contributions Contract (ACC) was signed by the Pickaway Metropolitan Housing Authority and the United States Housing Act of 1937 (42 U.S.C. 1437) Section 1.1. The Authority was also created in accordance with state law to eliminate housing conditions which are detrimental to the public peace, health, safety, morals, or welfare by purchasing, acquiring, constructing, maintaining, operating, improving, extending, and repairing housing facilities.

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 is the “primary government.” A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability are the ability of the primary government to impose its will upon the potential component unit. These criteria were considered in determining the reporting entity.

Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Authority follows GASB guidance as applicable to proprietary funds and Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements and chooses not to follow FASB guidance issued after this date.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred. All transactions are accounted for as proprietary fund type in a single enterprise fund.

Use of Estimates

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

Cash and cash equivalents

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

Tenant Receivables – Recognition of Bad Debts

Bad debts are provided on the allowance method based on management’s evaluation of the collectability of outstanding tenant receivable balances at the end of the year. The allowance for bad debts for tenant related receivables was \$20,228 at December 31, 2009.

Due From/To Other Programs

The following is the detail to reconcile to the Federal Data Schedule (FDS) submitted to HUD. These are eliminated for the basic financial statements:

	Other Business Activities	Section 8 Housing Choice Vouchers	Low Rent Public Housing	Rural Rent Housing Loans	Shelter Plus Care	Home Investment Partnerships	Total
Due From	\$ 4,523	\$ 21,077	\$ -	\$ -	\$ -	\$ -	\$ 25,600
Due To	(1,744)	-	(17,240)	(2,093)	(1,023)	(3,500)	(25,600)

Pickaway Metropolitan Housing Authority

Notes to the Basic Financial Statements

Year Ended December 31, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Property and Equipment

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

Useful Lives:	Buildings	27.5 – 40 years
	Buildings and Leasehold Improvements	15
	Furniture and Equipment	7
	Autos	5
	Computers	3

Depreciation is recorded on the straight-line method.

Investments

Investments are stated at fair value. Non-negotiable certificates of deposit and money market investments are stated at cost. Cost-based measurers of fair value were applied to non-negotiable certificates of deposit and money market investments.

Restricted Cash & Investments

Restricted cash represents amounts received for the home ownership program and tenant security deposits. Restricted investments represent amounts held to be used for future purchases of homes to be rehabbed and sold to low-income or first-time home buyers.

Net Assets

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

Inventories

Inventories are stated at cost. The allowance for obsolete inventory was \$1,100 at December 31, 2009.

2. CASH AND INVESTMENTS

Cash

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

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

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

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

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

Pickaway Metropolitan Housing Authority
Notes to the Basic Financial Statements
Year Ended December 31, 2009

2. CASH AND INVESTMENTS – CONTINUED

Deposits

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

At December 31, 2009, the carrying amount of all Authority deposits was \$1,572,436. As of December 31, 2009, \$664,122 of the Authority’s bank balance of \$1,577,686 was covered by Federal Deposit Insurance and the remaining amount was collateralized with eligible securities in the manner described above.

Book balances at December 31, 2009 were as follows:

	Cash and Cash Equivalents	Investments	Total
Low Rent Public Housing	\$ 360,372	\$ 255,541	\$ 615,913
Section 8 Housing Choice Vouchers	664,096	171,980	836,076
Rural Rental Housing Loans	36,463	-	36,463
Other Business Activities	83,984	-	83,984
Total	\$ 1,144,915	\$ 427,521	\$ 1,572,436

Investments

HUD, State Statute and Board Resolutions authorize the Authority to invest in obligations of U.S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository fund, super NOW accounts, sweep accounts, separate trading of registered interest and principal of securities, mutual funds, bonds and other obligations of this State, and the State Treasurer’s investment pool. Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless also prohibited. An investment must mature within five years from the date that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by the certificate, upon receipt of confirmation of transfer from the custodian.

The Authority’s investments are categorized to give an indication of the level of risk assumed by the entity at year end. Category A includes investments that are insured or registered or for which the securities are held by the Authority or its agent in the Authority’s name. Category B includes uninsured and unregistered investments for which the securities are held by the counterparty’s trust department or agent in the Authority’s name. Category C includes uninsured and unregistered investments for which securities are held by the counterparty or its trust department but not in the authority’s name.

The Authority’s non-negotiable certificates of deposit are classified as investments on the Statement of Net Assets but are considered as deposits for GASB Statement No. 3 purposes. Therefore, the categories described above do not apply.

Pickaway Metropolitan Housing Authority
Notes to the Basic Financial Statements
Year Ended December 31, 2009

3. CAPITAL ASSETS

A summary of capital assets at December 31, 2009, by class is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
CAPITAL ASSETS, NOT BEING DEPRECIATED				
Land	\$ 684,414	\$ -	\$ -	\$ 684,414
Construction in Progress	-	40,926	-	40,926
Total	684,414	40,926	-	725,340
CAPITAL ASSETS, BEING DEPRECIATED				
Buildings and improvements	9,702,325	285,698	-	9,988,023
Furniture and equipment - dwelling	92,395	7,597	-	99,992
Furniture and equipment - administrative	216,157	-	-	216,157
Leasehold improvements	57,495	-	-	57,495
Total	10,068,372	293,295	-	10,361,667
ACCUMULATED DEPRECIATION				
Land improvements	(2,717)	-	-	(2,717)
Buildings and improvements	(5,078,057)	(366,762)	-	(5,444,819)
Furniture and equipment - dwelling	(49,030)	(9,404)	-	(58,434)
Furniture and equipment - administrative	(196,281)	(8,763)	-	(205,044)
Leasehold improvements	(29,243)	4,208	-	(25,035)
Total	(5,355,328)	(380,721)	-	(5,736,049)
TOTAL CAPITAL ASSETS, NET	\$ 5,397,458	\$ (46,500)	\$ -	\$ 5,350,958

4. ADMINISTRATIVE FEE

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

5. DEFINED BENEFIT PENSION PLANS – OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

- A. The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:
- 1) The Traditional Pension Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan.
 - 2) The Member-Directed Plan (MD) – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
 - 3) The Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature 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.
- B. OPERS provides retirement, disability, and survivor and death benefits and annual cost-of-living adjustments to qualifying members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.
- C. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Pickaway Metropolitan Housing Authority

Notes to the Basic Financial Statements

Year Ended December 31, 2009

5. DEFINED BENEFIT PENSION PLANS – OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM - CONTINUED

- D. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.
- E. The Ohio Revised Code provides statutory authority for member and employer contributions. For 2009, member and employer contribution rates were consistent across all three plans.

The member contribution rates were 10.0%, 10.0% and 9.5% for 2009, 2008, and 2007, respectively, for the Authority.

The employer contribution rates were 14.0%, 14.0%, and 13.85% of covered payroll for 2009, 2008, and 2007, respectively, for the Authority.

The Authority's contributions to OPERS for the years ended December 31, 2009, 2008, and 2007 were \$95,466, \$89,755, and \$83,369, respectively, which were equal to the required contributions for those years.

6. POSTEMPLOYMENT BENEFITS – OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

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

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying members of both the TP and the CO Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interest parties may obtain a copy by writing OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

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

Employer's contributions are expressed as a percentage of the covered payroll of active members. In 2009, the Authority contributed at 7.0% of covered payroll. The Ohio Revised Code currently limits the employer contribution rate not to exceed 14.0% of covered payroll. Active members do not make contributions to the OPEB Plan.

Pickaway Metropolitan Housing Authority
Notes to the Basic Financial Statements
Year Ended December 31, 2009

6. POSTEMPLOYMENT BENEFITS – OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM - CONTINUED

- B. OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2008, the employer contributions allocated to the health care plan was 7.0% of covered payroll. For 2007, these percentages were 5.0% for January through June 2007 and 6.0% for July through December 2007. For 2006, this percentage was 4.5%. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.
- C. The employer contributions that were used to fund post-employment benefits were approximately \$47,730 for 2009, \$44,878 for 2008, and \$30,096 for 2007 which were equal to the required contributions for each year.
- D. The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

7. COMPENSATED ABSENCES

Vacation and sick leave policies are established by the Board of Commissioners based on local and state laws. All permanent employees will earn 4.0 hours sick leave per 80 hours of service. Unused sick leave may be accumulated without limit. All permanent employees will earn vacation hours accumulated based on length of service. All vacation time accumulated will be paid upon separation.

At December 31, 2009, based on the vesting method \$80,464 was accrued by the Authority for unused vacation and sick time.

8. INSURANCE

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. There was no significant reduction in coverage and no settlements exceeded insurance coverage during the past three years.

9. LONG-TERM DEBT

The Authority manages a multiple family housing project funded by the Department of Agriculture under their rural housing service. The following is a summary of activity occurring during 2009:

	Beginning Balance	Additions	Deletions	Ending Balance	Due in One Year
Mortgage					
Issued May 10, 1985					
Interest Rate 11.875%	\$523,312	\$0	\$3,029	\$520,283	\$3,100
Construction					
Issued October 30, 2009					
Interest Rate 5.875%	0	66,008	0	66,008	0
Total	<u>\$523,312</u>	<u>\$66,008</u>	<u>\$3,029</u>	<u>\$586,291</u>	<u>\$3,100</u>

Annual payments required vary: based on a calculation performed on a monthly basis; using the standard loan payment amount, overages on tenant accountants and the rental assistance requested.

Pickaway Metropolitan Housing Authority
Notes to the Basic Financial Statements
Year Ended December 31, 2009

10. ACCRUED LIABILITIES

The following is the detail of accrued liabilities at December 31, 2009:

Accrued payroll and payroll taxes	\$	34,941
Accrued compensated absences – current		33,298
Other accrued liabilities		966
Total Accrued Liabilities	<u>\$</u>	<u>69,205</u>

11. RECEIVABLES, NET OF ALLOWANCE

The following is the detail of receivables, net of allowance, at December 31, 2009:

Accounts receivable – miscellaneous	\$	39,508
Accounts receivable – dwelling rents		14,953
Allowance for doubtful accounts – other		(8,462)
Fraud recovery		27,599
Allowance for doubtful accounts - fraud		(11,766)
Accrued interest receivable		1,206
Total Receivables, net of allowance	<u>\$</u>	<u>63,038</u>

Pickaway Metropolitan Housing Authority
Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2009

Federal Grantor/ Program Title	Federal CFDA Number	Disbursements
U.S. Department of Housing and Urban Development:		
<i>Direct:</i>		
Public and Indian Housing	14.850a	325,552
Section 8 Housing Choice Vouchers	14.871	3,404,948
Public Housing Capital Fund	14.872	124,121
Public Housing Capital Fund ARRA	14.885	246,212
Home Investment Partnerships Program	14.239	53,652
Shelter Plus Care (B)	14.238	<u>25,872</u>
Total Direct		<u>4,180,357</u>
Total U.S. Department of Housing and Urban Development		4,180,357
U.S. Department of Agriculture:		
<i>Direct:</i>		
Rural Rental Housing Loans	10.415	<u>37,309</u>
Total U.S. Department of Agriculture		<u>37,309</u>
Total Federal Financial Assistance		<u>\$ 4,217,666</u>

See the notes to the schedule of federal awards expenditures.

Pickaway Metropolitan Housing Authority
Notes to the Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Pickaway Metropolitan Housing Authority
Statement of Net Assets by Program
FDS Schedule Submitted to HUD
As of December 31, 2009

FDS Line Item Number	Account Description	Other Business Activities	Rural Rent Housing Loans	Low Rent Public Housing Program
ASSETS				
111	Cash - unrestricted	\$ 55,013	\$ 32,763	\$ 341,822
113	Cash - other restricted	-	-	-
114	Cash - tenant security deposits	1,100	3,700	18,550
115	Cash - restricted for payment of current liabilities	-	-	-
100	TOTAL CASH	<u>56,113</u>	<u>36,463</u>	<u>360,372</u>
122	Accounts receivable - HUD other projects	-	-	-
125	Accounts receivable - miscellaneous	416	-	1,734
126	Accounts receivable tenants - dwelling rents	-	401	13,027
126.2	Allowance for doubtful accounts - other	-	-	(8,087)
128	Fraud recovery	-	-	-
128.1	Allowance for doubtful accounts - fraud	-	-	-
129	Accrued interest receivable	-	-	853
120	TOTAL RECEIVABLES, NET	<u>416</u>	<u>401</u>	<u>7,527</u>
131	Investments - unrestricted	-	-	16,298
135	Investments - restricted for payment of current liabilities	-	-	239,243
142	Prepaid expenses and other assets	621	1,887	18,949
143	Inventories	-	-	8,689
143.1	Allowance for obsolete inventory	-	-	(860)
144	Interprogram due from	4,523	-	-
150	TOTAL CURRENT ASSETS	<u>5,144</u>	<u>1,887</u>	<u>282,319</u>
161	Land	105,320	18,940	560,154
162	Buildings	291,387	549,594	8,920,773
163	Furniture and equipment - dwellings	-	1,021	98,970
164	Furniture and equipment - admin	-	387	114,577
165	Leasehold improvements	-	-	57,495
166	Accumulated depreciation	(51,829)	(323,266)	(5,263,523)
167	Construction in Progress	-	40,926	-
160	TOTAL CAPITAL ASSETS, NET	<u>344,878</u>	<u>287,602</u>	<u>4,488,446</u>
190	TOTAL ASSETS	406,551	326,353	5,138,664
LIABILITIES				
312	Accounts payable <=90 days	78	996	13,299
321	Accrued wages/payroll taxes	193	-	11,476
322	Accrued compensated absences	1,078	-	20,067
333	Accounts payable - other government	-	-	10,712
341	Tenant security deposits	1,100	3,700	18,550
342	Deferred revenue	575	-	11,997
343	Notes payable, current portion	-	3,100	-
346	Accrued liabilities - other	-	904	-
347	Interprogram due to	1,744	2,093	17,240
310	TOTAL CURRENT LIABILITIES	<u>4,768</u>	<u>10,793</u>	<u>103,341</u>
351	Long-term debt	-	583,191	-
354	Long-term compensated absences	-	-	31,156
353	Other long-term liabilities	-	-	-
350	TOTAL NON-CURRENT LIABILITIES	<u>-</u>	<u>583,191</u>	<u>31,156</u>
300	TOTAL LIABILITIES	4,768	593,984	134,497
508.1	Invested in capital assets, net of related debt	344,878	(298,690)	4,488,446
511.1	Restricted Net Assets	-	-	239,243
512.1	Unrestricted net assets	56,905	31,059	276,478
513	TOTAL NET ASSETS	<u>401,783</u>	<u>(267,631)</u>	<u>5,004,167</u>
600	TOTAL LIABILITIES AND NET ASSETS	<u>\$ 406,551</u>	<u>\$ 326,353</u>	<u>\$ 5,138,664</u>

Section 8 Housing Choice Vouchers	Public Housing Capital Fund (ARRA)	Interprogram Eliminations	Shelter Plus Care	Home Investment Partnerships Proram	Total
\$ 475,846	\$ -	\$ -	\$ 1,023	\$ 26,848	\$ 933,315
188,250	-	-	-	-	188,250
-	-	-	-	-	23,350
-	-	-	-	-	-
<u>664,096</u>	<u>-</u>	<u>-</u>	<u>1,023</u>	<u>26,848</u>	<u>1,144,915</u>
-	-	-	-	-	-
37,358	-	-	-	-	39,508
1,525	-	-	-	-	14,953
(375)	-	-	-	-	(8,462)
27,599	-	-	-	-	27,599
(11,766)	-	-	-	-	(11,766)
353	-	-	-	-	1,206
<u>54,694</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,038</u>
171,981	-	-	-	-	188,279
-	-	-	-	-	239,243
5,309	-	-	-	-	26,766
2,406	-	-	-	-	11,095
(250)	-	-	-	-	(1,110)
21,077	-	(25,600)	-	-	-
<u>200,523</u>	<u>-</u>	<u>(25,600)</u>	<u>-</u>	<u>-</u>	<u>464,273</u>
-	-	-	-	-	684,414
-	226,269	-	-	-	9,988,023
-	-	-	-	-	99,991
101,194	-	-	-	-	216,158
-	-	-	-	-	57,495
(93,317)	(4,114)	-	-	-	(5,736,049)
-	-	-	-	-	40,926
<u>7,877</u>	<u>222,155</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,350,958</u>
927,190	222,155	(25,600)	1,023	26,848	7,023,184
1,772	-	-	-	-	16,145
23,271	-	-	-	-	34,940
12,154	-	-	-	-	33,299
-	-	-	-	-	10,712
-	-	-	-	-	23,350
280,299	-	-	-	23,348	316,219
-	-	-	-	-	3,100
62	-	-	-	-	966
-	-	(25,600)	1,023	3,500	-
<u>317,558</u>	<u>-</u>	<u>(25,600)</u>	<u>1,023</u>	<u>26,848</u>	<u>438,731</u>
-	-	-	-	-	583,191
16,009	-	-	-	-	47,165
15,744	-	-	-	-	15,744
<u>31,753</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>646,100</u>
349,311	-	(25,600)	1,023	26,848	1,084,831
7,877	222,155	-	-	-	4,764,666
172,506	-	-	-	-	411,749
397,496	-	-	-	-	761,938
<u>577,879</u>	<u>222,155</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,938,353</u>
<u>\$ 927,190</u>	<u>\$ 222,155</u>	<u>\$ (25,600)</u>	<u>\$ 1,023</u>	<u>\$ 26,848</u>	<u>\$ 7,023,184</u>

Pickaway Metropolitan Housing Authority
Statement of Revenues, Expenses and Changes in Net Assets by Program
FDS Schedule Submitted to HUD
For the Year Ended December 31, 2009

FDS Line Item No.	Account Description	Other Business Activities	Rural Rent Housing Loans	Low Rent Public Housing Program
REVENUE				
703	Net tenant rental revenue	\$ 20,490	\$ 26,566	\$ 194,255
704	Tenant revenue - other	-	1,768	12,496
705	TOTAL TENANT REVENUE	20,490	28,334	206,751
706	HUD PHA operating grants	-	37,309	382,647
706.1	Capital grants	-	-	67,026
708	Other government grants	-	-	-
711	Investment income - unrestricted	282	58	4,155
714	Fraud recovery	-	-	-
715	Other Revenue	5,211	-	7,581
720	Investment income - restricted	-	-	5,255
700	TOTAL REVENUE	25,983	65,701	673,415
EXPENSES				
911	Administrative salaries	13,877	-	114,338
912	Auditing fees	-	-	4,500
913	Management fees	-	4,224	-
914	Advertising and Marketing	452	-	-
915	Employee benefit contributions - admin	-	-	36,524
916	Other operating - administrative	139	588	36,886
917	Legal Expense	-	470	3,000
917	Other	77	1,561	-
918	Travel	-	-	11,650
924	Tenant services - other	-	-	772
931	Water	224	9,812	66,319
932	Electricity	84	615	10,431
933	Gas	130	1,393	10,389
938	Other utilities	-	926	690
941	Ordinary maintenance/operation - labor	2,599	-	54,696
942	Ordinary maintenance/operation - materials and other	296	-	70,445
943	Ordinary maintenance/operation - contract costs	1,693	45,647	61,830
945	Employee benefit contributions - ordinary maintenance	-	0	16,408
952	Protective services - other contract costs	-	-	-
961	Insurance premiums	892	1,528	19,596
962	Other general expenses	-	1,377	4,851
963	Payments in lieu of taxes	675	-	10,712
964	Bad debts - tenant rents	-	2,869	20,949
967	Interest expense	-	11,048	-
969	TOTAL OPERATING EXPENSES	21,138	82,058	554,986
970	EXCESS OPERATING REVENUE OVER/(UNDER) OPERATING EXPENSES	4,845	(16,357)	118,429
973	Housing assistance payments	-	-	-
974	Depreciation expense	10,705	14,673	348,620
975	Fraud bad debt	-	-	-
900	TOTAL EXPENSES	31,843	96,731	903,606
1001	Operating transfers in	-	-	15,000
1002	Operating transfers out	-	-	(15,000)
10093	Transfers between Program and Project - In	-	-	150,084
10094	Transfers between Program and Project- Out	-	-	(150,084)
1010	Total other financing sources/(uses)	-	-	-
1000	EXCESS OF REVENUE OVER/(UNDER) EXPENSES	(5,860)	(31,030)	(230,191)
1103	Beginning equity	407,643	(236,601)	5,234,358
1104	Prior period adjustments, equity transfers & corrections of errors	-	-	-
	NET ASSETS, END OF YEAR	\$ 401,783	\$ (267,631)	\$ 5,004,167

Section 8 Housing Choice Vouchers	Public Housing Capital Fund (ARRA)	Interprogram Eliminations	Shelter Plus Care	Home Investment Partnerships Program	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 241,311
-	-	-	-	-	14,264
-	-	-	-	-	255,575
3,404,948	19,943	-	25,872	-	3,870,719
-	226,269	-	-	-	293,295
-	-	-	-	53,652	53,652
5,295	-	-	1	-	9,791
13,733	-	-	-	-	13,733
12,382	-	-	-	-	25,174
-	-	-	-	-	5,255
3,436,358	246,212	-	25,873	53,652	4,527,194
247,054	-	-	923	3,500	379,692
4,090	-	-	-	-	8,590
-	-	-	-	-	4,224
1,364	-	-	-	-	1,816
66,811	-	-	-	-	103,335
52,704	-	-	-	-	90,317
1,448	-	-	-	-	4,918
-	-	-	-	98	1,736
7,679	-	-	-	-	19,329
-	-	-	24,950	50,054	75,776
-	-	-	-	-	76,355
-	-	-	-	-	11,130
-	-	-	-	-	11,912
-	-	-	-	-	1,616
-	-	-	-	-	57,295
-	-	-	-	-	70,741
21,833	19,943	-	-	-	150,946
-	-	-	-	-	16,408
-	-	-	-	-	-
12,535	-	-	-	-	34,551
-	-	-	-	-	6,228
-	-	-	-	-	11,387
5,340	-	-	-	-	29,158
-	-	-	-	-	11,048
420,858	19,943	-	25,873	53,652	1,178,508
3,015,500	226,269	-	-	-	3,348,686
2,951,385	4,114	-	-	-	2,955,499
2,608	-	-	-	-	376,606
-	-	-	-	-	-
3,374,851	24,057	-	25,873	53,652	4,510,613
-	-	(15,000)	-	-	-
-	-	15,000	-	-	-
-	-	-	-	-	150,084
-	-	-	-	-	(150,084)
-	-	-	-	-	-
61,507	222,155	-	-	-	16,581
516,372	0	-	-	-	5,921,772
-	-	-	-	-	-
\$ 577,879	\$ 222,155	\$ -	\$ -	\$ -	\$ 5,938,353

Pickaway Metropolitan Housing Authority
Summary of Activity
For the Year Ended December 31, 2009

At the close of the fiscal year ended December 31, 2009, Pickaway Metropolitan Housing Authority had the following operations management:

	<u>Units</u>
Low Rent Public Housing Program	108
Section 8 Housing Choice Vouchers	635
Rural Rent Housing Program	<u>16</u>
Total Units	<u><u>759</u></u>

Pickaway Metropolitan Housing Authority
Actual Modernization Cost Certification
For the Year Ended December 31, 2009

1 - The Actual Modernization Grant Costs are as follows:

	Project OH16-PO59-501-07
Funds Approved	\$ 188,127
Funds Expended	188,127
Excess/(Deficiency) of Funds Approved	<u>\$ -</u>

Date Submitted

March 30, 2010

2 - The distribution of costs as shown on the Schedule/Report of Modernization Grant Expenditures submitted to HUD for approval are in agreement with the Authority's records.

3 - All Modernization Grant Costs have been paid and all related liabilities have been discharged through payment.



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

Board of Commissioners
Pickaway Metropolitan Housing Authority
176 Rustic Drive
Circleville, Ohio 43113

We have audited the accompanying financial statements of the business-type activities of the Pickaway Metropolitan Housing Authority, Pickaway County, Ohio (the Authority) as of and for the year ended December 31, 2009, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated May 21, 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Board of Commissioners
Pickaway Metropolitan Housing Authority
Pickaway County, Ohio
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required By
Government Auditing Standards
Page 2

We intend this report solely for the information and use of management, the Board of Commissioners and federal awarding agencies and pass-through entities, and others within the Authority. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.
May 21, 2010



Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133

Board of Commissioners
Pickaway Metropolitan Housing Authority
176 Rustic Drive
Circleville, Ohio 43113

Compliance

We have audited the compliance of Pickaway Metropolitan Housing Authority, Pickaway County, Ohio, (the Authority), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that apply to each of its major federal programs for the year ended December 31, 2009. The summary of auditor's results section of the accompanying schedule of findings identifies the Authority's major federal programs. The Authority's management is responsible for complying with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

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

In our opinion, the Pickaway Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended December 31, 2009.

Internal Control Over Compliance

The Authority's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of opining on compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Authority's internal control over compliance.

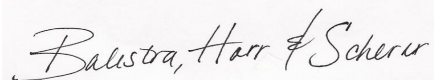
Board of Commissioners
Pickaway Metropolitan Housing Authority
Pickaway County, Ohio

Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A - 133
Page 2

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal controls over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

We intend this report solely for the information and use of the Authority's management, Board of Commissioners, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.
May 21, 2010

Pickaway Metropolitan Housing Authority

Schedule of Findings

OMB Circular A-133 Section .505

December 31, 2009

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level	No
(d)(1)(ii)	Were there any other significant internal control deficiencies reported at the financial statement	No
(d)(1)(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant internal control deficiencies reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under section .510?	No
(d)(1)(vii)	Major Programs (list):	Section 8 Housing Choice Vouchers (CFDA #14.871) & Public housing Capital Fund Stimulus ARRA(CFDA #14.885)
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

Pickaway Metropolitan Housing Authority

Schedule of Findings

OMB Circular A-133 Section .505

December 31, 2009

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



Mary Taylor, CPA
Auditor of State

PICKAWAY METROPOLITAN HOUSING AUTHORITY

PICKAWAY 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
SEPTEMBER 28, 2010**