

Gallia Metropolitan Housing Authority

Gallia County

Single Audit

January 1, 2010 through December 31, 2010

Year Audited Under GAGAS: 2010



Balestra, Harr & Scherer, CPAs, Inc.

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Dave Yost • Auditor of State

Board of Directors
Gallia Metropolitan Housing Authority
381 Buck Ridge Road
Bidwell, Ohio 45614

We have reviewed the *Independent Auditors' Report* of the Gallia Metropolitan Housing Authority, Gallia County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2010 through December 31, 2010. 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 Gallia Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 22, 2011

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Gallia Metropolitan Housing Authority
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For the Year Ended December 31, 2010

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Independent Auditor's Report

Board of Commissioners
Gallia Metropolitan Housing Authority
381 Buck Ridge Road
Bidwell, Ohio 45614

We have audited the accompanying basic financial statements of Gallia Metropolitan Housing Authority, Gallia County, Ohio (the Authority), as of and for the year ended December 31, 2010, 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.^a 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 our audit provides a reasonable basis for our opinion.

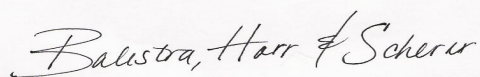
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Gallia Metropolitan Housing Authority, Gallia County, Ohio, as of December 31, 2010, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2011, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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.

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

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the Authority's basic financial statements taken as a whole. The Supplemental Financial Data Schedules provide additional analysis as required by the U.S. Department of Housing and Urban Development and are not part of the basic financial statements. The Schedule of Expenditures of Federal Awards provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* is also not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards and Supplemental Financial Data Schedules are management's responsibility, and were derived from and relate directly to underlying accounting and other records used to prepare the basic financial statements. These schedules were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Balestra, Harr & Scherer, CPAs, Inc.
June 10, 2011

Gallia Metropolitan Housing Authority
Bidwell, Ohio
Year Ended December 31, 2010

**Management's Discussion and Analysis
(Unaudited)**

Gallia Metropolitan Housing Authority's (the Authority) Management Discussion and Analysis is designed to 1) assist the reader in focusing on significant financial issues, 2) provide an overview of the Authority's financial activity, 3) identify changes in the Authority's financial position (in upcoming years) and 4) identify individual program issues or concerns.

Because the Management's Discussion and Analysis 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, beginning on page 9.

Financial Highlights

The Authority's net assets increased by \$177,530 during 2010. Net assets reported by the Authority were \$6,782,682 and \$6,605,152 as of December 31, 2010 and 2009, respectively.

Revenue increased by \$155,021 from \$1,592,921 for the year ended December 31, 2009 to \$1,747,942 for the year ended December 31, 2010.

The total expenses decreased by \$227,428, from \$1,797,840 for the year ended December 31, 2009 to \$1,570,412 for the year ended December 31, 2010.

Using This Annual Report

The Report includes the following sections:

- 1) Management's Discussion and Analysis (MD&A)
- 2) Basic Financial Statements
 - a. Statement of Net Assets
 - b. Statement of Revenues, Expenses and Changes in Net Assets
 - c. Statement of Cash Flows
 - d. Notes to the Basic Financial Statements

The focus is on the Authority as a single enterprise fund. This format will allow the user to address relevant questions, broaden a basis for comparison (year to year) and enhance the Authority's accountability.

Gallia Metropolitan Housing Authority
Bidwell, Ohio
Year Ended December 31, 2010

Basic Financial Statements

The basic financial statements, beginning on page 9, are designed to be corporate-like in that all business type programs are consolidated into one single enterprise fund for the Authority.

The 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 Net Capital Assets (net of accumulated depreciation), reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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

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

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

The focus of the Statement of Revenues, Expenses and Changes in 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, investing activities, non-capital financing activities, and from capital and related financing activities.

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

Conventional Public Housing Program - The Public Housing Program allows the Authority to rent authority-owned housing units to eligible low-income families or singles. The program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides the Authority with an operating subsidy funding which allows the Authority to provide the housing at a rental rate that is based upon 30% of household income. Under this program the Authority built houses that were put in a Homeownership Program.

Houses are sold (some with the Authority taking a second mortgage) to eligible low income families. The proceeds from the sales are kept by the Authority and can be used at the discretion of the housing authority. Proceeds are invested in CDs until used and interest is added back to the CDs.

Capital Fund Program - The Capital Fund Program is the primary funding source for management improvements and physical improvements to Authority-owned property. Separate ACCs are executed for this annual allotment of funding.

Gallia Metropolitan Housing Authority
 Bidwell, Ohio
 Year Ended December 31, 2010

Housing Choice Voucher Program - The Voucher Program allows the Authority to contract with private landlords who own property and are renting to eligible families. The Authority subsidizes the families' rent through a monthly Housing Assistance Payment (HAP) made to the landlord. The program, administered under an ACC with HUD, enables the Authority to structure contracts that set rents at 30% of household income.

Basic Financial Statements

TABLE 1
 Statement of Net Assets

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

	2010	2009*
Current and Other Assets	\$1,173,844	\$1,588,966
Capital Assets, Net	5,874,751	5,273,935
Total Assets	7,048,595	6,682,901
Other Liabilities	65,234	67,879
Long-Term Liabilities	200,679	189,870
Total Liabilities	265,913	257,749
Net Assets:		
Invested in Capital Assets, Net of Related Debt	5,874,751	5,273,935
Restricted	807,301	0
Unrestricted	100,630	1,331,217
Total Net Assets	\$6,782,682	\$6,605,152

* Restated, see Note 9.

Major Factors Affecting the Statement of Net Assets

Capital assets increased due to capital improvements completed and due to less depreciation expense as discussed further in Table 4. Current assets decreased due to a decrease in cash. Net assets do not reflect any significant changes in comparing the two years.

Gallia Metropolitan Housing Authority
Bidwell, Ohio
Year Ended December 31, 2010

TABLE 2
Statement of Revenues, Expenses and Changes in Net Assets

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

	2010	2009*
Revenues		
Tenant Revenue-Rents and Other	\$138,402	\$127,044
Operating Subsidies and Grants	1,342,652	1,089,015
Capital Grants	261,600	292,182
Investment Income/Other Revenues	5,288	84,680
Total Revenues	1,747,942	1,592,921
Expenses		
Administration	399,616	441,907
Tenant Service	860	924
Utilities	139,241	137,996
Maintenance	195,087	253,015
Protective Services	0	6,508
General	64,746	54,736
Housing Assistance Payment	503,161	492,609
Depreciation	267,701	410,145
Total Expenses	1,570,412	1,797,840
Change in Net Assets	177,530	(204,919)
Net Assets, Beginning of Year	6,605,152	6,810,071
Net Assets, End of Year	\$6,782,682	\$6,605,152

* Restated, see Note 9.

Major Factors Affecting the Statement of Revenue, Expense and Changes in Net Assets

Total income increased due to an increase in grant funding. Expenses decreased only slightly as compared to the prior year.

Gallia Metropolitan Housing Authority
 Bidwell, Ohio
 Year Ended December 31, 2010

Capital Assets

As of year end the Authority had \$5,874,751 invested in a variety of capital assets as reflected in the following schedule, which represents a net increase (additions, deductions, and depreciations) of \$600,816 from the end of last year.

TABLE 3
 Capital Assets at Year-End
 (Net of Depreciation)

	2010	2009
Land	\$879,069	\$879,069
Construction in Progress	1,084,679	1,084,679
Buildings	2,614,570	2,779,841
Building & Site Improvements	1,275,304	522,583
Vehicles	17,304	0
Furniture and Equipment-Dwellings	1,374	2,428
Furniture and Equipment-Administration	2,451	5,335
Total	\$5,874,751	\$5,273,935

The following reconciliation summarizes the change in Capital Assets

TABLE 4
 Change in Capital Assets

Beginning Balance	\$5,273,935
Additions	868,517
Depreciation	(267,701)
Ending Balance	\$5,874,751

See Note 3 of notes to the financial statements for additional information on the Authority's capital assets.

Debt Administration

As of December 31, 2010 the Authority had no debt outstanding.

Gallia Metropolitan Housing Authority
Bidwell, Ohio
Year Ended December 31, 2010

Economic Factors

Significant economic factors affecting the Authority are as follows:

- 1) Federal funding provided by HUD
- 2) Local labor supply and demand, which can affect salary and wage rates
- 3) Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- 4) Inflationary pressure on utility rates, supplies and other costs
- 5) Market rates for rental housing
- 6) Interest rates for money invested

Financial Contact

The individual to be contacted regarding this report is: Zac Fosler, Executive Director Gallia Metropolitan Housing Authority. Specific request may be submitted to Mr. Fosler at 381 Buck Ridge Road, Bidwell, OH 45614. Phone: (740) 446-0251. Fax: (740) 446-6728. Email: zfosler@galliamha.org.

GALLIA METROPOLITAN HOUSING AUTHORITY
 BIDWELL, OHIO
 STATEMENT OF NET ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2010

	ENTERPRISE FUND
ASSETS	
Current Assets	
Cash - Unrestricted	\$ 315,638
Cash - Restricted	800,318
Cash - Tenant Security Deposits	19,675
Accounts Receivable:	
Fraud Recovery	2,931
Tenants - Dwelling Rents	429
Inventories	27,755
Prepaid Expense	7,098
	1,173,844
Total Current Assets	
Noncurrent Assets:	
Capital Assets:	
Non-depreciable Capital Assets	1,963,748
Depreciable Capital Assets	3,911,003
Capital Assets, net	5,874,751
Total Noncurrent Assets	
	5,874,751
Total Assets	\$ 7,048,595
 LIABILITIES	
Current Liabilities:	
Accrued Wages/Payroll Taxes Payable	\$ 12,294
Accounts Payable:	
<= 90 Days Past Due	26,631
Compensated Absences	9,486
Tenant Security Deposits	16,823
	65,234
Total Current Liabilities	
Noncurrent Liabilities:	
Accounts Payable >=90 Days Past Due	2,804
Noncurrent Liabilities - Other	156,125
Compensated Absences	41,750
	200,679
Total Noncurrent Liabilities	
	200,679
Total Liabilities	265,913
 NET ASSETS	
Invested in Capital Assets, Net of Related Debt	5,874,751
Restricted	807,301
Unrestricted	100,630
	6,782,682
Total Net Assets	6,782,682
Total Liabilities and Net Assets	\$ 7,048,595

The notes to the financial statements are an integral part of this statement.

GALLIA METROPOLITAN HOUSING AUTHORITY
 BIDWELL, OHIO
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2010

	ENTERPRISE FUND
REVENUES	
Tenant Revenues:	
Net Tenant Rental Revenue	\$ 138,402
Total Tenant Revenue	138,402
HUD PHA Grants/Operating Grants	1,342,652
Other Revenue	1,284
Total Revenue	1,482,338
EXPENSES	
Administrative:	
Administrative Salaries	219,315
Auditing Fees	10,528
Employee Benefit Contributions	113,365
Other Operating	56,408
Total Administrative	399,616
Tenant Services:	
Other	860
Total Tenant Services	860
Utilities:	
Water	108,185
Electric	27,251
Gas	3,805
Total Utilities	139,241
Ordinary Maintenance & Operation	
Labor	81,642
Materials and other	58,903
Contract Costs	14,890
Employee Benefit Contributions	39,652
Total Ordinary Maintenance Operation	195,087
General Expenses:	
Insurance Premiums	45,078
Bad Debt - Tenant Rents	19,668
Total General Expenses	64,746
Other Expenses:	
Housing Assistance Payments	503,161
Depreciation Expense	267,701
Total Other Expenses	770,862
Total Operating Expenses	1,570,412
Operating Income/(Loss)	(88,074)
Nonoperating Revenues:	
Capital Fund Recovery Grant	261,600
Investment Income-Restricted	1,997
Investment Income-Unrestricted	2,007
Total Nonoperating Revenues	265,604
Change in Net Assets	177,530
Net Assets Beginning of Year, as Restated, see Note 9	6,605,152
Total Net Assets at End of Year	\$ 6,782,682

The notes to the financial statements are an integral part of this statement.

GALLIA METROPOLITAN HOUSING AUTHORITY
 BIDWELL, OHIO
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31, 2010

	ENTERPRISE FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Tenants	\$ 138,402
Receipts from operating grants	1,342,652
Other operating receipts	1,284
Housing assistance payments	(503,161)
Payments for general and administrative expense	(782,049)
Net Cash Provided By Operating Activities	197,128
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Capital Grants	261,600
Acquisitions of capital assets	(868,517)
Net Cash Used For Capital Financing Activities	(606,917)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest	4,004
Proceeds from maturities of investments	796,015
Net Cash Provided By Investing Activities	800,019
Net Increase/(Decrease) In Cash and Cash Equivalents	390,230
Cash At The Beginning Of Year	745,401
Cash At End Of Year	\$ 1,135,631
RECONCILIATION OF OPERATING INCOME/(LOSS) TO CASH PROVIDED BY/(USED FOR) OPERATING ACTIVITIES	
Net Operating Income/(Loss)	(88,074)
Adjustments to Reconcile Net Income/(Loss) to Net Cash Provided by Operating Activities:	
Depreciation	267,701
Changes in Operating Assets and Liabilities that Increase/(Decrease) Cash Flows:	
(Increase) Decrease In:	
Accounts Receivable - dwelling rent	4,897
Prepaid Expenses	6,535
Inventory	(2,095)
Interprogram - due from	1,952
Increase (Decrease) In:	
Accounts Payable	(219)
Security Deposits	(1,832)
Accrued Wages and Taxes	(594)
Accrued Compensated Absences	10,809
Interprogram - due to	(1,952)
Total Adjustments	17,501
Net Cash Provided By Operating Activities	\$ 197,128

The notes to the financial statements are an integral part of this statement.

GALLIA METROPOLITAN HOUSING AUTHORITY
BIDWELL, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Gallia Metropolitan Housing Authority (GMHA or Authority) was created under the Ohio Revised Code Section 3735.27 to engage in the acquisition, development, leasing, and administration of a low-rent housing program. An Annual Contributions Contract (ACC) was signed by the Gallia Metropolitan Housing Authority and the U.S. Department of Housing and Urban Development (HUD), under the provisions of 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.

Description of Programs

Conventional Public Housing Program

The Public Housing Program allows the Authority to rent Authority-owned housing units to eligible low-income families or singles. The program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides the Authority with an operating subsidy funding which allows the Authority to provide the housing at a rental rate that is based upon 30% of household income. Under this program the Authority built houses that were put in a Homeownership Program.

Houses are sold (some with the Authority taking a second mortgage) to eligible low-income families. The proceeds from the sales are kept by the Authority and can be used at the discretion of the housing authority. Proceeds are invested in CDs until used and interest is added back to the CDs.

Capital Fund Program

The Capital Fund Program is the primary funding source for management improvements and physical improvements to Authority-owned property. Separate ACCs are executed for this annual allotment of funding.

Housing Choice Voucher Program

The Voucher Program allows the Authority to contract with private landlords who own property and are renting to eligible families. The Authority subsidizes the families' rent through a monthly Housing Assistance Payment (HAP) made to the landlord. The program, administered under an ACC with HUD, enables the Authority to structure contracts that set rents at 30% of household income.

GALLIA METROPOLITAN HOUSING AUTHORITY
BIDWELL, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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. The Authority has elected not to apply FASB guidance issued after November 30, 1989.

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 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 maturity of three months or less when purchased to be cash equivalents.

Tenant Receivables-Recognition of Bad Debts

Bad debts are recognized at the end of the year based on management's evaluation of the collectability of outstanding tenant receivable balances.

Interprogram Due To/Due From

At year-end, the Section 8 Voucher program has interprogram balances due to the Public Housing program in the amount of \$158,300. These interprogram balances are eliminated on the statement of net assets.

Capital Assets

Capital assets are 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	40 years
Building & Site Improvements	15 years
Furniture & Equipment	7 years
Vehicles	5 years

Depreciation is recorded on the straight-line method.

GALLIA METROPOLITAN HOUSING AUTHORITY
BIDWELL, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capitalization of Interest

The Authority's policy is not to capitalize interest in the construction or purchase of capital assets.

Investments

Investments are stated at fair value. Cost-based measures of fair value were applied to nonnegotiable certificates of deposit and money market investments.

Net Assets

Net assets represent the differences 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.

Operating Revenues and Expenses

Operating Revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Authority, these revenues are tenant rental revenue, grants received from HUD and other miscellaneous revenues. Operating expenses are necessary costs that have been incurred in order to provide the good or service that is the primary activity of the fund. Revenues and expenses not meeting the definition are reported as non-operating.

NOTE 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 two 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 or deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

GALLIA METROPOLITAN HOUSING AUTHORITY
BIDWELL, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 2-CASH AND INVESTMENTS (Continued)

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 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.

The Authority's deposits are categorized to give an indication of the level of risk assumed by the entity at year end. Category 1 includes deposits that are insured or collateralized with securities held by the Authority or its safekeeping agent in the Authority's name. Category 2 includes uninsured deposits collateralized with securities held by the pledging financial institution's trust department or safekeeping agent in the Authority's name. Category 3 includes uninsured and uncollateralized with securities held by the pledging institution, or by its trust department of safekeeping agent, but not in the Authority's name.

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 pools 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, 2010, the carrying amount of all Authority deposits was \$1,135,631. As of December 31, 2010, \$250,000 of the Authority's bank balance of \$1,138,285 was covered by Federal Deposit Insurance, and the remaining \$888,285 was covered by pooled securities held by the pledging financial institution's trust department.

The book balances at December 31, 2010, were as follows:

	<u>Cash</u>	<u>Total</u>
Low Rent Public Housing	\$1,074,150	\$1,074,150
Section 8 Housing Vouchers	61,481	61,481
Total	<u>\$1,135,631</u>	<u>\$1,135,631</u>

GALLIA METROPOLITAN HOUSING AUTHORITY
BIDWELL, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 3-CAPITAL ASSETS

A summary of property and equipment at December 31, 2010, by class is as follows:

	Balance <u>12/31/09</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/10</u>
Capital Assets Not Being Depreciated:				
Land and Land Rights	\$879,069	\$0	\$0	\$879,069
Construction In Progress	<u>1,084,679</u>	<u>0</u>	<u>0</u>	<u>1,084,679</u>
Total Capital Assets Not Being Depreciated	1,963,748		0	1,963,748
Capital Assets Being Depreciated:				
Buildings	6,494,246	0	0	6,494,246
Buildings and Site Improvements	4,115,289	851,213	0	4,966,502
Vehicles	91,353	17,304	0	108,657
Furniture and Equipment-Dwelling	107,553	0	0	107,553
Furniture and Equipment-Administration	<u>198,173</u>	<u>0</u>	<u>0</u>	<u>198,173</u>
Total Capital Assets Being Depreciated	<u>11,006,614</u>	<u>868,517</u>	<u>0</u>	<u>11,875,131</u>
 Total Capital Assets	 <u>12,970,362</u>	 <u>868,517</u>	 <u>0</u>	 <u>13,838,879</u>
Accumulated Depreciation:				
Buildings	(3,714,405)	(165,271)	0	(3,879,676)
Building and Site Improvements	(3,592,706)	(98,492)	0	(3,691,198)
Vehicles	(91,353)	0	0	(91,353)
Furniture and Equipment-Dwelling	(105,125)	(1,054)	0	(106,179)
Furniture and Equipment-Administration	<u>(192,838)</u>	<u>(2,884)</u>	<u>0</u>	<u>(195,722)</u>
Total Accumulated Depreciation	<u>(7,696,427)</u>	<u>(267,701)</u>	<u>0</u>	<u>(7,964,128)</u>
 Net Capital Assets Being Depreciated	 <u>3,310,187</u>	 <u>600,816</u>	 <u>0</u>	 <u>3,911,003</u>
Net Capital Assets	<u>\$5,273,935</u>	<u>\$600,816</u>	<u>\$0</u>	<u>\$5,874,751</u>

NOTE 4-ADMINISTRATIVE

The Authority receives an "administrative fee" as part of the annual contribution from HUD to cover 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.

GALLIA METROPOLITAN HOUSING AUTHORITY
BIDWELL, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 5-DEFINED PENSION PLANS AND POSTRETIREMENT BENEFIT

All full-time employees of the Authority participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple employer public employee retirement system administered by the Public Employees Retirement Board. OPERS provides basic retirement, disability and survivor benefits, based on the 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) 222-5601 or (800) 222-PERS.

- A. Ohio Public Employees Retirement System (OPERS) 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-Directed Plan – a defined contribution plan in which the member invests both member and employer contributions (employers 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) – 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 Plan benefit. Member contributions, the investment of which is self-directed by the member, accumulate retirement assets in a manner similar to the Member-Directed Plan.
- B. OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.
- C. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code (ORC).
- D. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222 5601 or 800 222 7377).
- E. The ORC provides statutory authority for members and employer contributions. For 2010, member and employer contribution rates were consistent across all three plans.

The member contribution rates for employees were 10% in 2010, 2009, and 2008 for the Authority.

The employer contribution rate was 14% of covered payroll for 2010, 2009, and 2008 for the Authority.

The Authority's contributions to OPERS for the years ended December 31, 2010, 2009, and 2008 were \$40,590, \$45,221 and \$49,244 respectively, which were equal to the required contributions for those years.

GALLIA METROPOLITAN HOUSING AUTHORITY
BIDWELL, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 5-DEFINED PENSION PLANS AND POSTRETIREMENT BENEFIT (Continued)

Post-Employment Benefits

- A. OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program, and Medicare Part B Premium reimbursement, to qualifying members of both the Traditional Pension and the Combined plans. Members of the member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

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

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 which may be obtained by writing to the OPERS, 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 retirements health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, the Authority contributed at 14.0% 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.

OPERS' Post Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For 2010, the employer contributions allocated to the health care plan was 5.50% of covered payroll. 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 \$27,274 for 2010, \$21,254 for 2009, \$24,627 for 2008 which were equal to the required contributions for each year.
- D. The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board of 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.

GALLIA METROPOLITAN HOUSING AUTHORITY
BIDWELL, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 6-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 8 hours of sick leave per 1 month of service. Unused sick leave may be accumulated up to 120 days (960 hours). Employees will be paid for ¼ of accumulated sick leave, not to exceed 30 days (240 hours), at the time of retirement, at the employee's rate of pay at the time of retirement. All permanent employees will earn vacation hours accumulated based on length of service. Maximum accumulated vacation is no more than what is earned in 2 years, with carryover limited to one year of earned. Upon termination, any accrued vacation time will be paid to the employee with his/her final check.

At December 31, 2010, using the vested method of accrual, \$51,236 was accrued by the Authority for unused vacation time and sick time.

NOTE 7-INSURANCE

The Housing Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicles 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.

NOTE 8-CONTINGENCIES

Grants

The Authority received financial assistance from federal and state agencies in the form of grants. The expenditures of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Authority. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Authority at December 31, 2010.

Litigation

The Authority is not party to any legal proceedings.

NOTE 9 PRIOR PERIOD ADJUSTMENT

During the period ending December 31, 2010, the Authority determined that the Tenant Accounts Receivable had been overstated starting in 2007. The Board of Directors had approved various write-offs of bad accounts in 2007 and 2008 that were not made to the tenant accounts. The amount of \$12,271 was determined to be the net amount of adjustment that should have been made. This amount therefore is shown as a prior period adjustment.

	Net Assets
December 31, 2009	\$ 6,617,423
Prior Period Adjustments	(12,271)
December 31, 2009, as Restated	\$ 6,605,152

GALLIA METROPOLITAN HOUSING AUTHORITY
BIDWELL, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010

<u>FEDERAL GRANTOR/SUB-GRANTOR/ PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>2010 FEDERAL EXPENDITURES</u>
<u>Direct from U.S. Department of Housing and Urban Development</u>		
Public and Indian Housing	14.850	\$532,698
Section 8 Housing Choice Vouchers	14.871	603,896
Capital Fund Program Cluster		
Public Housing Capital Fund	14.872	206,058
Public Housing Capital Fund - ARRA	14.885	<u>261,600</u>
Capital Fund Program Cluster Total		<u>467,658</u>
 TOTAL - ALL PROGRAMS		 <u><u>\$1,604,252</u></u>

See accompanying Notes to the Schedule of Expenditures of Federal Awards

GALLIA METROPOLITAN HOUSING AUTHORITY
BIDWELL, OHIO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

GALLIA METROPOLITAN HOUSING AUTHORITY
 BIDWELL, OHIO
 SCHEDULE OF NET ASSETS BY PROGRAM
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Section 8 Voucher	Public Housing	Capital Fund	Capital Fund - ARRA	ENTERPRISE FUND
ASSETS					
Current Assets					
Cash - Unrestricted	\$ 14,698	\$ 300,940	\$ -	\$ -	\$ 315,638
Cash - Restricted	46,783	753,535	-	-	800,318
Cash - Tenant Security Deposits	-	19,675	-	-	19,675
Accounts Receivable:					
Fraud Recovery	2,931	-	-	-	2,931
Tenants - Dwelling Rents	-	429	-	-	429
Inventories	-	27,755	-	-	27,755
Prepaid Expense	238	6,860	-	-	7,098
Total Current Assets	64,650	1,109,194	-	-	1,173,844
Noncurrent Assets:					
Capital Assets:					
Non-depreciable Capital Assets	-	879,069	1,084,679	-	1,963,748
Depreciable Capital Assets	-	3,911,003	-	-	3,911,003
Capital Assets, net	-	4,790,072	1,084,679	-	5,874,751
Other Assets					
Interprogram Due From	-	158,300	-	-	158,300
Total Noncurrent Assets	-	4,948,372	1,084,679	-	6,033,051
Total Assets	\$ 64,650	\$ 6,057,566	\$ 1,084,679	\$ -	\$ 7,206,895
LIABILITIES					
Current Liabilities:					
Accrued Wages/Payroll Taxes Payable	\$ 421	\$ 11,873	\$ -	\$ -	\$ 12,294
Accounts Payable:					
<= 90 Days Past Due	1,225	25,406	-	-	26,631
Compensated Absences	3,943	5,543	-	-	9,486
Tenant Security Deposits	-	16,823	-	-	16,823
Total Current Liabilities	5,589	59,645	-	-	65,234
Noncurrent Liabilities:					
Accounts Payable >=90 Days Past Due	-	2,804	-	-	2,804
Interprogram Due To	158,300	-	-	-	158,300
Noncurrent Liabilities - Other	-	156,125	-	-	156,125
Compensated Absences	12,786	28,964	-	-	41,750
Total Noncurrent Liabilities	171,086	187,893	-	-	358,979
Total Liabilities	176,675	247,538	-	-	424,213
NET ASSETS					
Invested in Capital Assets, Net of Related Deb	-	4,790,072	1,084,679	-	5,874,751
Restricted	53,766	753,535	-	-	807,301
Unrestricted	(165,791)	266,421	-	-	100,630
Total Net Assets	(112,025)	5,810,028	1,084,679	-	6,782,682
Total Liabilities and Net Assets	\$ 64,650	\$ 6,057,566	\$ 1,084,679	\$ -	\$ 7,206,895

GALLIA METROPOLITAN HOUSING AUTHORITY
 BIDWELL, OHIO
 SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS BY PROGRAM
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Section 8 Voucher	Public Housing	Capital Fund	Capital Fund - ARRA	ENTERPRISE FUND
REVENUES					
Tenant Revenues:					
Net Tenant Rental Revenue	\$ -	\$ 138,402	\$ -	\$ -	\$ 138,402
Total Tenant Revenue	-	138,402	-	-	138,402
HUD PHA Grants/Operating Grants	603,896	532,698	206,058	-	1,342,652
Other Revenue	33	1,251	-	-	1,284
Total Revenue	<u>603,929</u>	<u>672,351</u>	<u>206,058</u>	<u>-</u>	<u>1,482,338</u>
EXPENSES					
Administrative:					
Administrative Salaries	36,975	182,340	-	-	219,315
Auditing Fees	-	10,528	-	-	10,528
Employee Benefit Contributions	12,783	100,582	-	-	113,365
Other Operating	4,040	52,368	-	-	56,408
Total Administrative	<u>53,798</u>	<u>345,818</u>	<u>-</u>	<u>-</u>	<u>399,616</u>
Tenant Services:					
Other	-	860	-	-	860
Total Tenant Services	<u>-</u>	<u>860</u>	<u>-</u>	<u>-</u>	<u>860</u>
Utilities:					
Water	-	108,185	-	-	108,185
Electric	-	27,251	-	-	27,251
Gas	-	3,805	-	-	3,805
Total Utilities	<u>-</u>	<u>139,241</u>	<u>-</u>	<u>-</u>	<u>139,241</u>
Ordinary Maintenance & Operation					
Labor	-	81,642	-	-	81,642
Materials and other	-	58,903	-	-	58,903
Contract Costs	-	14,890	-	-	14,890
Employee Benefit Contributions	-	39,652	-	-	39,652
Total Ordinary Maintenance Operation	<u>-</u>	<u>195,087</u>	<u>-</u>	<u>-</u>	<u>195,087</u>
General Expenses:					
Insurance Premiums	4,469	40,609	-	-	45,078
Bad Debt - Tenant Rents	-	19,668	-	-	19,668
Total General Expenses	<u>4,469</u>	<u>60,277</u>	<u>-</u>	<u>-</u>	<u>64,746</u>
Other Expenses:					
Housing Assistance Payments	503,161	-	-	-	503,161
Depreciation Expense	-	267,701	-	-	267,701
Total Other Expenses	<u>503,161</u>	<u>267,701</u>	<u>-</u>	<u>-</u>	<u>770,862</u>
Total Operating Expenses	<u>561,428</u>	<u>1,008,984</u>	<u>-</u>	<u>-</u>	<u>1,570,412</u>
Operating Income/(Loss)	<u>42,501</u>	<u>(336,633)</u>	<u>206,058</u>	<u>-</u>	<u>(88,074)</u>
Nonoperating Revenues:					
Operating Transfers In/(Out)	-	206,058	(206,058)	-	-
Capital Fund Recovery Grant	-	-	-	261,600	261,600
Investment Income-Restricted	-	1,997	-	-	1,997
Investment Income-Unrestricted	-	2,007	-	-	2,007
Total Nonoperating Revenues	<u>-</u>	<u>210,062</u>	<u>-</u>	<u>261,600</u>	<u>265,604</u>
Change in Net Assets	42,501	(126,571)	206,058	261,600	177,530
Net Assets Beginning of Year, as Restated, see Note 9	<u>(154,526)</u>	<u>5,674,999</u>	<u>1,084,679</u>	<u>-</u>	<u>6,605,152</u>
Equity Transfers	<u>-</u>	<u>261,600</u>	<u>-</u>	<u>(261,600)</u>	<u>-</u>
Total Net Assets at End of Year	<u>\$ (112,025)</u>	<u>\$ 5,810,028</u>	<u>\$ 1,290,737</u>	<u>\$ -</u>	<u>\$ 6,782,682</u>

GALLIA METROPOLITAN HOUSING AUTHORITY
 BIDWELL, OHIO
 SCHEDULE OF CASH FLOWS BY PROGRAM
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Section 8 Voucher	Public Housing	Capital Fund	Capital Fund - ARRA	ENTERPRISE FUND
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Tenants	\$ -	\$ 138,402	\$ -	\$ -	\$ 138,402
Receipts from operating grants	603,896	532,698	206,058	-	1,342,652
Other operating receipts	33	1,251	-	-	1,284
Housing assistance payments	(503,161)	-	-	-	(503,161)
Payments for general and administrative expense	(59,119)	(722,930)	-	-	(782,049)
Net Cash Provided By/(Used For) Operating Activities	<u>41,649</u>	<u>(50,579)</u>	<u>206,058</u>	<u>-</u>	<u>197,128</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Capital Grants	-	-	-	261,600	261,600
Interprogram transfers	-	467,658	(206,058)	(261,600)	-
Acquisitions of capital assets	-	(868,517)	-	-	(868,517)
Net Cash Used For Capital Financing Activities	<u>-</u>	<u>(400,859)</u>	<u>(206,058)</u>	<u>-</u>	<u>(606,917)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest	-	4,004	-	-	4,004
Proceeds from maturities of investments	-	796,015	-	-	796,015
Net Cash Provided By Investing Activities	<u>-</u>	<u>800,019</u>	<u>-</u>	<u>-</u>	<u>800,019</u>
Net Increase/(Decrease) In Cash and Cash Equivalents	41,649	348,581	-	-	390,230
Cash At The Beginning Of Year	19,832	725,569	-	-	745,401
Cash At End Of Year	<u>\$ 61,481</u>	<u>\$ 1,074,150</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,135,631</u>
RECONCILIATION OF OPERATING INCOME/(LOSS) TO CASH PROVIDED BY/(USED FOR) OPERATING ACTIVITIES					
Net Operating Income/(Loss)	42,501	(336,633)	206,058	-	(88,074)
Adjustments to Reconcile Net Income/(Loss) to Net Cash Provided by Operating Activities:					
Depreciation	-	267,701	-	-	267,701
Changes in Operating Assets and Liabilities that Increase/(Decrease) Cash Flows:					
(Increase) Decrease In:					
Accounts Receivable - dwelling rent	-	4,897	-	-	4,897
Prepaid Expenses	-	6,535	-	-	6,535
Inventory	-	(2,095)	-	-	(2,095)
Interprogram - due from	0	1,952	-	-	1,952
Increase (Decrease) In:					
Accounts Payable	823	(1,042)	-	-	(219)
Security Deposits	-	(1,832)	-	-	(1,832)
Accrued Wages and Taxes	25	(619)	-	-	(594)
Accrued Compensated Absences	252	10,557	-	-	10,809
Interprogram - due to	(1,952)	-	-	-	(1,952)
Total Adjustments	<u>(852)</u>	<u>18,353</u>	<u>-</u>	<u>-</u>	<u>17,501</u>
Net Cash Provided By/(Used For) Operating Activities	<u>\$ 41,649</u>	<u>\$ (50,579)</u>	<u>\$ 206,058</u>	<u>\$ -</u>	<u>\$ 197,128</u>

GALLIA METROPOLITAN HOUSING AUTHORITY
BIDWELL, OHIO
SUMMARY OF ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2010

At the close of the fiscal year ended December 31, 2010, Gallia Metropolitan Housing Authority had the following operations management:

	<u>Units</u>
Low Rent Public Housing Program	124
Section 8 Housing Choice Vouchers	<u>175</u>
Total Units	<u><u>299</u></u>



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

Board of Commissioners
Gallia Metropolitan Housing Authority
381 Buck Ridge Road
Bidwell, Ohio 45614

We have audited the basic financial statements of the Gallia Metropolitan Housing Authority, Gallia County, Ohio, (the Authority) as of and for the year ended December 31, 2010, and have issued our report thereon dated June 10, 2011. 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.

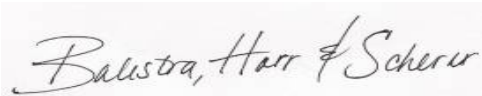
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies 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 material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the Authority's 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 report under *Government Auditing Standards*.

We intend this report solely for the information and use of the management, Board of Commissioners, federal awarding agencies, 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 dark ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.
June 10, 2011



**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
Gallia Metropolitan Housing Authority
381 Buck Ridge Road
Bidwell, Ohio 45614

Compliance

We have audited the compliance of the Gallia Metropolitan Housing Authority, Gallia 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, 2010. 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 major federal program. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of 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 Gallia 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, 2010.

Internal Control over Compliance

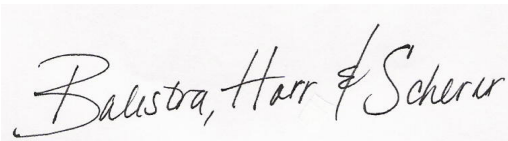
The Authority's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control 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 expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we have do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A *control 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 detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to administer a federal program such that there is more than a remote likelihood that the Authority's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the Government's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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 that might be 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 management, Board of Commissioners, federal awarding agencies, pass-through entities, and others within the Authority. It is not intended for anyone 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.
June 10, 2011

Gallia Metropolitan Housing Authority
 Bidwell, Ohio
Schedule of Findings
 OMB Circular A-133 Section .505
 December 31, 2010

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant internal control deficiencies reported at the financial statement level	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):	Public and Indian Housing (CFDA #14.850) Capital Fund Program Cluster: Public Housing Capital Fund (CFDA #14.872), Public Housing Capital Fund- 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?	No

Gallia Metropolitan Housing Authority
Bidwell, Ohio
Schedule of Findings
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December 31, 2010

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



Dave Yost • Auditor of State

GALLIA METROPOLITAN HOUSING AUTHORITY

GALLIA 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 1, 2011**