IRONTON METROPOLITAN HOUSING AUTHORITY
LAWRENCE COUNTY
Single Audit
For the Year Ended September 30, 2010

Perry & Associates
Certified Public Accountants, A.C.

Dave Yost • Auditor of State

Board of Commissioners
Ironton Metropolitan Housing Authority
720 Washington Street
Ironton, Ohio 45638

We have reviewed the *Independent Accountants' Report* of the Ironton Metropolitan Housing Authority, Lawrence County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period October 1, 2009 through September 30, 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 Ironton Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Dave Yost

Dave Yost
Auditor of State

April 13, 2011

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Perry & Associates

Certified Public Accountants, A.C.

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INDEPENDENT ACCOUNTANTS' REPORT

April 12, 2011

Ironton Metropolitan Housing Authority
720 Washington Street
Ironton, OH 45638

To the Board of Commissioners:

We have audited the accompanying financial statements of the business-type activities of the **Ironton Metropolitan Housing Authority, Lawrence County, Ohio** (the "Authority"), as of and for the year ended September 30, 2010, which collectively comprise the Authority's basic financial statements 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 respective financial position of the business-type activities of the Ironton Metropolitan Housing Authority, Lawrence County, Ohio as of September 30, 2010, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 12, 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.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, 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 financial statements by program presented on pages 20 through 22 and the supplemental financial data schedules presented on pages 32 and 33 are presented for additional analysis and are not a required part of the basic financial statements. The schedule of federal awards expenditures 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*, and is also not a required part of the basic financial statements. The financial statements by program and the schedule of federal awards expenditures are management's responsibility, and were derived from and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. These statements and schedule 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. We did not subject the supplemental financial data schedules presented on pages 32 and 33 to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Respectfully submitted,

Perry & Associates CPA's A.C.

Perry & Associates
Certified Public Accountants, A.C.

IRONTON METROPOLITAN HOUSING AUTHORITY
LAWRENCE COUNTY
FOR THE YEAR ENDED SEPTEMBER 30, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS
Unaudited

It is a privilege to present for you the financial picture of Ironton Metropolitan Housing Authority. The Ironton 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, which will begin on page 9.

FINANCIAL HIGHLIGHTS

- Total revenues increased by $386,834 (or 17.66%) during 2010, and were $2,577,194 and $2,190,360 for 2010 and 2009, respectively.

- Total expenses decreased by $13,188 (or 0.68%). Total expenses were $1,910,330 and $1,923,518 for 2010 and 2009, respectively.

USING THIS ANNUAL REPORT

The following is a summary of the presentation of the Authority's financial statements:

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

The focus is on the Authority as a single enterprise fund. This format allows the user to address relevant questions, broadens a basis for comparison (year to year or Authority to Authority) and enhances the Authority's accountability.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Unaudited

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.

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." 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 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 Revenue and 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."

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.

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

Public Housing Program – The public housing program is designed to provide low-cost housing within Lawrence County. Under this program, HUD provides funding via an annual contributions contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the program.

Modernization Programs (CFP) – Substantially all additions to land, structures, and equipment are accomplished through modernization programs (included in the financial statements under the public housing program). Modernization funds replace or materially upgrade deteriorated portions of existing Authority property.

Housing Assistance Payments Program-Section 8 – The Authority administers a program of rental assistance payments to private owners on behalf of eligible low-income families under Section 8 of the Housing and Urban Development Act of 1974. The program provides payments covering the difference between the maximum rental on a dwelling unit, as approved by HUD, and the amount of rent contribution by a participating family.

STATEMENT OF NET ASSETS

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

TABLE 1
STATEMENT OF NET ASSETS

	2010	2009	Variance
Current and Other Assets	$ 2,358,427	$ 2,081,251	$ 277,176
Capital Assets	5,451,921	5,011,295	440,626
TOTAL ASSETS	7,810,348	7,092,546	717,802
Current and Other Liabilities	150,229	121,012	29,217
Long-term Liabilities	136,691	114,970	21,721
TOTAL LIABILITIES	286,920	235,982	50,938
Net Assets:			
Invested in Capital Assets	5,451,921	5,011,295	440,626
Restricted	31,761	19,974	11,787
Unrestricted	2,039,746	1,825,295	214,451
TOTAL NET ASSETS	$ 7,523,428	$ 6,856,564	$ 666,864

MAJOR FACTORS AFFECTING THE STATEMENT OF NET ASSETS

Capital assets increased due to additions exceeding depreciation expense as shown in Table 4. Cash increased by $271,978 primarily due to increased operating grants, increased tenant revenue, and keeping expenses under control during 2010. Long term liabilities increased by $21,721 due to additional compensated absences for the Authority in 2010.

MANAGEMENT'S DISCUSSION AND ANALYSIS
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 years.

	2010	2009	Variance
Revenues			
Tenant Revenue - Rent and Other	$ 726,934	$ 695,809	$ 31,125
Government Operating Grants	942,990	894,325	48,665
Capital Grants	828,557	504,425	324,132
Investment Income/Other Revenues	78,713	95,801	(17,088)
TOTAL REVENUE	2,577,194	2,190,360	386,834
Expenses			
Administrative	296,190	270,962	25,228
Tenant services	3,663	2,314	1,349
Utilities	284,357	306,701	(22,344)
Ordinary Maintenance and Operations	594,605	567,645	26,960
General Expense	82,059	86,714	(4,655)
Housing Assistance Payment	248,740	259,072	(10,332)
Depreciation Expense	400,716	430,110	(29,394)
TOTAL EXPENSES	1,910,330	1,923,518	(13,188)
NET INCREASE (DECREASE)	666,864	266,842	400,022
Net Assets, Beginning of Year	6,856,564	6,589,722	266,842
Net Assets, End of Year	$ 7,523,428	$ 6,856,564	$ 666,864

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

Tenant rental and other revenues increased by $31,125 due to additional occupancy, while government operating grants increased by $48,665 from fiscal year 2009 to 2010, due to increased government subsidy of rents and additional occupancy. Utilities expenses decreased by $22,344 from fiscal year 2009 to 2010 due to less usage. Ordinary maintenance and operation expenses increased by $26,960, from fiscal year 2009 to 2010, due to some additional ongoing maintenance required during 2010. General expense decreased by $4,655. Capital grants increased by $324,132 from fiscal year 2009 to 2010 due to more ongoing construction during fiscal year 2010. Other than these changes the Authority operated consistently between the years.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

As of year end, the Authority had $5,451,921 invested in a variety of capital assets (net of accumulated depreciation) as reflected in the following schedule, which represents a net increase (addition, deductions and depreciation) of $440,626 from the end of last year.

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

	2010	2009
Construction in Progress	$ 299,628	$ 478,955
Land and Land Rights	500,242	500,242
Buildings and Improvements	12,307,501	11,299,617
Equipment - Administrative	208,942	237,927
Equipment - Dwellings	250,712	208,942
Accumulated Depreciation	(8,115,104)	(7,714,388)
TOTAL	$ 5,451,921	$ 5,011,295

The following reconciliation summarizes the change in Capital Assets.

TABLE 4
CHANGE IN CAPITAL ASSETS

BEGINNING BALANCE		$ 5,011,295
Additions (Net)		841,342
Depreciation		(400,716)
	ENDING BALANCE	$ 5,451,921

This year's major additions are:

Capital improvements (CFP) completed on the Authority's Public Housing complexes		$ 828,557
	TOTAL ADDITIONS	$ 828,557

See Note 5 to the basic financial statements for more information regarding the Authority's capital assets.

MANAGEMENT'S DISCUSSION AND ANALYSIS
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

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

FINANCIAL CONTACT

If you have any questions regarding this report, you may contact Jim Johnson, Executive Director of the Ironton Metropolitan Housing Authority at 740-532-8658.

IRONTON METROPOLITAN HOUSING AUTHORITY
LAWRENCE COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUND TYPE- ENTERPRISE FUND
AS OF SEPTEMBER 30, 2010

	ENTERPRISE
Assets	
Current Assets:	
Cash - Unrestricted	$ 2,267,648
Cash - Restricted	31,761
Accounts Receivable:	
Tenants - Dwelling Rents, Net of Allowance for Doubtful Accounts	29,649
Accrued Interest Receivable	2,605
Prepaid Expenses and Other Assets	26,764
Total Current Assets:	2,358,427
Noncurrent Assets:	
Capital Assets:	
Nondepreciable Capital Assets	799,870
Depreciable Capital Assets, Net of Accumulated Depreciation	4,652,051
Total Noncurrent Assets:	5,451,921
Total Assets	$ 7,810,348
Liabilities	
Current Liabilities:	
Accrued Wages/Payroll Taxes Payable	$ 9,587
Accounts Payable	3,344
Compensated Absences	21,431
Tenant Security Deposits	56,371
Monies Held for Matured Bonds and Interest	15,238
Intergovernmental Payable	44,258
Total Current Liabilities:	150,229
Long Term Liabilities:	
Compensated Absences	136,691
Total Long Term Liabilities:	136,691
Total Liabilities	286,920
Net Assets:	
Invested In Capital Assets	5,451,921
Restricted	31,761
Unrestricted	2,039,746
Total Net Assets	7,523,428
Total Liabilities and Net Assets	$ 7,810,348

See accompanying notes to the basic financial statements.

IRONTON METROPOLITAN HOUSING AUTHORITY
LAWRENCE COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUND TYPE- ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	ENTERPRISE
Operating Revenues	
Tenant Rental Revenues	$ 708,161
Tenant Revenue - Other	18,773
Government Operating Grants	942,990
Other	68,789
Total Operating Revenue	1,738,713
Operating Expenses	
Administrative	296,190
Tenant Services	3,663
Utilities	284,357
Ordinary Maintenance & Operation	594,605
General Expenses	82,059
Housing Assistance Payments	248,740
Depreciation Expense	400,716
Total Operating Expenses	1,910,330
Operating Loss	(171,617)
Non-Operating Revenue	
Capital Grants	828,557
Investment Income - Unrestricted	9,924
Total Non-Operating Revenues	838,481
Change in Net Assets	666,864
Net Assets, Beginning of Year	6,856,564
Net Assets, End of Year	$ 7,523,428

See accompanying notes to the basic financial statements.

IRONTON METROPOLITAN HOUSING AUTHORITY
LAWRENCE COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE - ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	ENTERPRISE
Cash flows from operating activities:	
Receipts from tenants	$ 722,337
Receipts from operating grants	942,990
Other operating receipts	68,789
Housing assistance payments	(248,740)
Payments for general and administrative expense	(1,225,704)
Net cash provided by operating activities	259,672
Cash flows from capital and related financing activities:	
Construction and acquisitions of capital assets	(841,342)
Capital grants	828,557
Net cash flow used by capital and related financing activities	(12,785)
Cash flows from noncapitalized and related financing activities:	
Noncapitalized Equity Transfer	15,238
Net cash flow provided by noncapitalized and related financing activities	15,238
Cash flows from investing activities:	
Interest received on investments	9,853
Net cash provided by investing activities	9,853
Net increase in cash and cash equivalents	271,978
Cash at beginning of year	2,027,431
Cash at end of year	$ 2,299,409
CASH FLOWS FROM OPERATING ACTIVITIES	
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	$ (171,617)
Adjustments to reconcile net (loss) to net cash used by operating activities	
(Increase)Decrease In:	
Accounts Receivable	(7,993)
Prepaid Expenses and Other Assets	2,866
Interprogram Due From	37,717
Increase(Decrease) In:	
Accounts Payable	3,344
Accrued Wages/Payroll Taxes Payable	(178)
Compensated Absences	22,306
Tenant Security Deposits	3,396
Intergovernmental Payable	6,832
Interprogram Due To	(37,717)
Depreciation Expense	400,716
Net Cash Provided By Operating Activities	$ 259,672

See accompanying notes to the basic financial statements.

1. DESCRIPTION OF THE HOUSING AUTHORITY AND REPORTING ENTITY

The Ironton Metropolitan Housing Authority (the Authority) is a political subdivision of the State of Ohio, created under Section 3735.27 of the Ohio Revised Code.

The Ironton Metropolitan Housing Authority was established for the purpose of engaging the development, acquisition, and administrative activities of the low-income housing program and other programs with similar objectives. The United States Department of Housing and Urban Development (HUD) has direct responsibility for administering the low-income housing program under the United States Housing Act of 1937, as amended. HUD is authorized to enter into contracts with local housing authorities to make grants to assist the local housing authorities in financing the acquisition, construction, and/or leasing of housing units and to make annual contributions (subsidies) to the local housing authorities for the purpose of maintaining the low-rent character of the local housing program.

DESCRIPTION OF PROGRAMS:

A. PUBLIC HOUSING PROGRAM

The public housing program is designed to provide low-cost housing within Lawrence County. Under this program, HUD provides funding via an annual contributions contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the program.

B. CAPITAL FUND PROGRAM (CFP)

The Capital Fund Program also is the primary funding source for physical and management improvements to the Authority's properties. CFP funding is based on a formula allocation that takes into consideration the size and age of the Authority's housing stock.

C. HOUSING ASSISTANCE PAYMENTS PROGRAM - SECTION 8

The Authority administers a program of rental assistance payments to private owners on behalf of eligible low-income families under Section 8 of the Housing and Urban Development Act of 1974. The program provides payments covering the difference between the maximum rental on a dwelling unit, as approved by HUD, and the amount of rent contribution by a participating family.

REPORTING ENTITY

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the Authority are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Authority. For the Authority, this includes general operations, public housing, Section 8, and modernization programs. Component units are legally separate organizations for which the Authority is financially accountable.

The Authority is financially accountable for an organization if the Authority appoints a voting majority of the organization's governing board and (1) the Authority is able to significantly influence the programs or services performed or provided by the organization or (2) the Authority is legally entitled to or can otherwise access the organization's resources; (3) the Authority is legally obligated or has assumed responsibility to finance the deficits of, or provide fiscal support to, the organization; (4) the Authority is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Authority in that the Authority approves the budget, the levying of taxes or issuance of debt. The Authority did not have any component units or other related organizations in 2010.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. BASIS OF PRESENTATION - FUND ACCOUNTING

The Authority uses funds to report on its financial position and the results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities.

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, Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or after November 30, 1989 that do not conflict with or contradict GASB pronouncements.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. For financial statement presentation purposes, the various programs of the Authority are grouped into the following fund type:

PROPRIETARY FUND TYPE: Proprietary funds are used to account for the Authority's ongoing activities which are similar to those found in a private sector. The following is the Authority's proprietary fund:

Enterprise Fund - The enterprise fund is used to account for operations 1) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services of the general public on a continuing basis be financed or recovered primarily through user charges; or 2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund type income statements represent increases (e.g. revenues and other financing sources) and decreases (e.g. expenditures and other financing uses) in net total assets.

C. BASIS OF ACCOUNTING

Proprietary fund types use accrual basis of accounting for reporting purposes. Revenues are recognized when they are earned and measurable and expenses are recorded at the time liabilities are incurred, if measurable.

D. BUDGETARY DATA

The Authority is not required to follow the budgetary requirements of the Ohio Revised Code. However, the Authority does maintain a budget for management purposes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of funds deposited in checking accounts. Cash equivalents are stated at cost, which approximates market value.

The Authority has investments in the form of certificates of deposits. Except for nonparticipating investment contracts, investments are reported at fair value which is based upon quoted market prices. Nonparticipating investment contracts such as certificates of deposit are reported at cost.

For purposes of the Statement of Cash Flows and for presentation on the Statement of Net Assets, investments of the Authority with an original maturity of six months or less at the time they are purchased by the Authority are considered to be cash equivalents. Investments with an initial maturity of more than six months are reported as investments.

F. CAPITAL ASSETS

The capital asset values initially were determined by assigning original acquisition costs when such information was available. In cases where information supporting original costs was not available, estimated historical costs were developed. Donated capital assets are capitalized at estimated fair market value on the date donated. The Authority uses a capitalization threshold of $200.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements which extend the useful life or increase the capacity or operating efficiency of the asset are capitalized at cost.

Enterprise Fund Capital Assets: Capital assets reflected in the enterprise fund are stated at historical cost (or estimated historical cost) and are updated for the cost of additions and retirements during the year. Depreciation has been provided on a straight-line basis over the following estimated useful lives:

Description	Estimated Lives
Buildings	20-40 years
Building Improvements	20 years
Equipment, Furniture and Fixtures	5-10 years
Other Equipment and Machinery	3-10 years

Capital assets acquired from resources externally restricted for capital acquisition (e.g. capital grants) are recorded as revenue in the benefiting proprietary fund. Depreciation on these assets is recorded as an expense.

G. PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond September 30, 2010, are recorded as prepaid items by using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the year in which services are consumed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. COMPENSATED ABSENCES

In 1999, the Authority implemented the provisions of GASB Statement No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method.

The liability includes the employees who are currently eligible to receive termination benefits and by those employees for whom it is probable will become eligible to receive payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year-end. In proprietary funds, compensated absences are expensed when earned. The entire amount of compensated absences is reported as a fund liability.

I. TAX LIABILITY

The Authority is by law exempt from all federal, state, and local taxes and assessments. The Authority has elected to pay a Payment in Lieu of Taxes (PILOT) based principally on a percentage of tenant dwelling income received from HUD-assisted programs.

J. INTERGOVERNMENTAL REVENUES

Grants, entitlements or shared revenues received for enterprise fund operating purposes are recognized in the accounting period in which they are earned and become measurable. Such resources restricted for the construction of capital assets are recorded as revenue.

K. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and accompanying notes. Accordingly, actual results could differ from those estimates.

L. NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets-net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Restricted net assets represent the portion of net assets restricted for Housing Assistance Payments. Unrestricted net assets represent the portion of net assets not restricted.

M. RESTRICTED ASSETS

The Authority has recorded restricted assets to account for the cash held by the Authority which is restricted by HUD for Housing Assistance Payments.

N. MONIES HELD FOR MATURED BONDS AND INTEREST

The Authority received $15,238 during 2010 from a bank who was the fiscal agent for matured bonds and coupons from old debt issues. The District has recorded such monies as a liability as of September 30, 2010.

3. CASH AND INVESTMENTS

Deposits

At fiscal year end, the carrying amount of the Authority's deposits was $2,299,409, and the bank balance was $2,328,113. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures,* as of September 30, 2010, $301,889 of the Authority's bank balance was covered by Federal Depository Insurance and $2,026,224 was uninsured and collateralized with securities held by the pledging financial institution's trust department in the Authority's name.

Custodial credit risk is the risk that, in the event of 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 Chapter 135 of the ORC, is held in financial institution 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.

4. RECEIVABLES

Receivables at September 30, 2010 consisted of accounts receivable from tenants for rent and materials, miscellaneous receivables which includes late charges and utilities owed to the Authority by the tenants and accrued interest receivable.

5. CAPITAL ASSETS

A summary of changes in the Authority's capital assets for the year ended September 30, 2010, follows:

	Balance - 09/30/09	Additions	Deletions	Balance - 09/30/10
Capital Assets Not Being Depreciated:				
Land and Land Rights	$ 500,242	$ -	$ -	$ 500,242
Construction in Progress	478,955	828,557	(1,007,884)	299,628
Total Capital Assets Not Being Depreciated	979,197	828,557	(1,007,884)	799,870
Capital Assets Being Depreciated:				
Buildings and Improvements	11,299,617	1,007,884	-	12,307,501
Equipment-Dwellings	237,927	12,785	-	250,712
Equipment-Administrative	208,942	-	-	208,942
Total Capital Assets Being Depreciated	11,746,486	1,020,669	-	12,767,155
Accumulated Depreciation:				
Buildings and Improvements	(7,339,505)	(384,431)	-	(7,723,936)
Equipment-Dwellings	(173,044)	(13,371)	-	(186,415)
Equipment-Administrative	(201,839)	(2,914)	-	(204,753)
Total Accumulated Depreciation	(7,714,388)	(400,716)	-	(8,115,104)
Net Capital Assets Being Depreciated	4,032,098	619,953	-	4,652,051
Net Capital Assets	$ 5,011,295	$ 1,448,510	$ (1,007,884)	$ 5,451,921

6. DEFINED BENEFIT PENSION PLAN

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

All Ironton Metropolitan Housing Authority's full time employees participate in the Public Employees Retirement System of Ohio ("PERS"), a cost-sharing multiple-employer defined benefit pension plan. Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:

1. The Traditional 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 (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-a cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, employer contributions are invested by OPERS 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.

OPERS provides retirement and disability benefits, 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. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. The Public Employees Retirement System issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to OPERS, 277 East Town Street, Columbus, Ohio 42315-4642 or by calling (614) 222-56011 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2010, member and employer contribution rates were consistent across all three plans. The member contribution rates were 10.0% for 2010, 2009, and 2008 for the Authority. The employer contribution rates (the latest information available) were 14.0% of covered payroll for the Authority for 2010, 2009 and 2008. The Authority's contributions to OPERS for the years ended September 30, 2010, 2009, and 2008 were $31,689, $33,647, and $36,489, respectively, which were equal to the required contributions for those years.

7. POSTEMPLOYMENT BENEFITS

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. OPERS provides retirement, disability, and survivor benefits as well as postretirement health care coverage 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 postemployment health care coverage.

In order to qualify for post-retirement 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.

7. POSTEMPLOYMENT BENEFITS (Continued)

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, 2009 and 2008, the Authority contributed at 14% of covered payroll. The Ohio Revised Code currently limits the employer contribution rate not to exceed 14% 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.

The portion of employer contributions allocated to health care was 5.5% from January 1 through February 28, 2010 and 5.0% from March 1 through December 31, 2010. The portion of employer contributions allocated to health care was 7.00% from January 1 through March 31, 2009 and 5.5% from April 1 through December 31, 2009. For January 1, 2008 through September 30, the employer contributions allocated to the health care plan was 7.0% 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. The employer contributions that were used to fund post-employment benefits for 2010, 2009, and 2008, were $11,884, $16,359, and $13,831, respectively.

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 for state and local employers increased January 1 of each year from 2006 to 2008. These rate increases allowed additional funds to be allocated to the health care plan.

8. OTHER EMPLOYEE BENEFITS

Compensated Absences: Vacation leave is earned at rates which vary depending upon length of service and standard work week. Current policy credits vacation on the employee's anniversary date. Vacation time can be carried over for one year, but must be taken in the year following the year earned. Employees are paid for earned, unused vacation leave at the time of termination.

Sick leave is earned at a rate of 4.60 hours per pay period (2 weeks). Employees who retire are paid for their earned, unused sick leave hours up to a maximum of 30 days, or the full balance may be transferred to another governmental agency. Such payment shall be based on the employee's rate of pay at the time of retirement. At September 30, 2010 the current amount of unpaid compensated absences was $21,431 and the noncurrent amount was $136,691.

The changes in the Authority's long-term liabilities during fiscal year 2010 were as follows:

	Balance at 9/30/2009	Increase	Decrease	Balance at 9/30/2010	Amount Due In One Year
Compensated Absences	$135,816	$41,625	$19,319	$158,122	$21,431
Total Long-Term Liabilities	$135,816	$41,625	$19,319	$158,122	$21,431

9. ECONOMIC DEPENDENCY

The Authority is economically dependent on receiving operating subsidies from the U.S. Department of Housing and Urban Development (HUD).

10. RISK MANAGEMENT

The Authority is covered for property damage, general liability, automobile liability, law enforcement liability, public officials' liability, and other crime liabilities through membership in the State Housing Authority Risk Pool Association (SHARP). SHARP is an insurance risk pool comprised of thirty-nine (39) Ohio housing authorities, of which Ironton is a member. Deductibles and coverage limits are summarized below:

Type of Coverage	Deductible	Coverage Limits
Property	$1,500	$250,000,000 (per occurrence)
Boiler and Machinery	1,000	50,000,000
General Liability	0	2,000,000
Automobile	500/0	2,000,000
Public Officials	0	2,000,000
Employee Benefit Liability	0	2,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant change in coverage from last year. Health, Dental, Vision, and Life insurance is offered to Authority employees through a commercial insurance company, McNelly, Patrick & Associates. Additionally, Workers' Compensation insurance is maintained through the State of Ohio Bureau of Workers' Compensation, in which rates are calculated retrospectively.

11. CONTINGENCIES

A. Grants

The Authority received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is 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 September 30, 2010.

B. Litigation

The Authority is party to legal proceedings. The Authority is of the opinion that the ultimate disposition of claims will not have a material adverse effect, if any, on the financial condition of the Authority.

Supplemental Information

IRONTON METROPOLITAN HOUSING AUTHORITY
LAWRENCE COUNTY
STATEMENT OF NET ASSETS BY PROGRAM
AS OF SEPTEMBER 30, 2010

	Section 8	Public Housing	Capital Fund	TOTAL ENTERPRISE
Assets				
Current Assets:				
Cash - Unrestricted	$ 295,918	$ 1,971,730	$ -	$ 2,267,648
Cash - Restricted	31,761	-	-	31,761
Accounts Receivable:				
Tenants - Dwelling Rents, Net of Allowance for Doubtful Accounts	-	29,649	-	29,649
Accrued interest receivable	355	2,250	-	2,605
Prepaid Expenses and Other Assets	3,994	22,770	-	26,764
Total Current Assets:	332,028	2,026,399	-	2,358,427
Noncurrent Assets:				
Capital Assets:				
Land	-	500,242	-	500,242
Building	-	12,307,501	-	12,307,501
Furniture, Equipment & Machinery - Dwellings	-	250,712	-	250,712
Furniture, Equipment & Machinery - Administration	1,560	207,382	-	208,942
Construction in Progress	-	-	299,628	299,628
Accumulated Depreciation	(1,560)	(8,113,544)	-	(8,115,104)
Capital Assets, Net of Accumulated Depreciation	-	5,152,293	299,628	5,451,921
Total Noncurrent Assets:	-	5,152,293	299,628	5,451,921
Total Assets	332,028	7,178,692	299,628	7,810,348
Liabilities				
Current Liabilities:				
Accrued Wages/Payroll Taxes Payable	-	9,587	-	9,587
Accounts Payable:				
<= 90 Days Past Due	-	3,344	-	3,344
Compensated Absences	1,501	19,930	-	21,431
Tenant Security Deposits	-	56,371	-	56,371
Monies Held for Matured Bonds and Interest	-	15,238	-	15,238
Intergovernmental Payable	-	44,258	-	44,258
Total Current Liabilities:	1,501	148,728	-	150,229
Long Term Liabilities:				
Compensated Absences	9,568	127,123	-	136,691
Total Long Term Liabilities:	9,568	127,123	-	136,691
Total Liabilities	11,069	275,851	-	286,920
Net Assets:				
Invested In Capital Assets	-	5,152,293	299,628	5,451,921
Restricted	31,761	-	-	31,761
Unrestricted	289,198	1,750,548	-	2,039,746
Total Net Assets	320,959	6,902,841	299,628	7,523,428
Total Liabilities and Net Assets	$ 332,028	$ 7,178,692	$ 299,628	$ 7,810,348

IRONTON METROPOLITAN HOUSING AUTHORITY
LAWRENCE COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS BY PROGRAM
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Section 8 Voucher	Public Housing	Capital Fund	ENTERPRISE
Operating Revenues				
Tenant Rental Revenue	$ -	$ 708,161	$ -	$ 708,161
Tenant Revenue - Other	-	18,773	-	18,773
HUD PHA Grants/OperatingGrants	297,199	645,791	-	942,990
Other Revenue	4,888	63,901	-	68,789
Total Operating Revenues	302,087	1,436,626	-	1,738,713
Operating Expenses				
Administrative:				
Administrative Salaries	13,159	114,624	-	127,783
Auditing and Accounting Fees	2,250	7,177	-	9,427
Employee Benefit Contributions	4,913	63,894	-	68,807
Other Operating	26,516	63,657	-	90,173
Total Administrative	46,838	249,352	-	296,190
Tenant Services:				
Tenant Services- Other	-	3,663	-	3,663
Total Tenant Services	-	3,663	-	3,663
Utilities:				
Water	-	103,786	-	103,786
Electricity	-	147,179	-	147,179
Gas	-	33,392	-	33,392
Total Utilities	-	284,357	-	284,357
Ordinary Maintenance & Operation:				
Labor	-	132,537	-	132,537
Materials and Other	-	46,074	-	46,074
Contract Costs	-	342,114	-	342,114
Employee Benefit Contributions	-	73,880	-	73,880
Total Ordinary Maintenance & Operation	-	594,605	-	594,605
General Expenses:				
Insurance Premiums	-	28,126	-	28,126
Payments in Lieu of Taxes	-	44,258	-	44,258
Bad Debt - Tenant Rents	-	9,675	-	9,675
Total General Expenses	-	82,059	-	82,059
Housing Assistance Payments	248,740	-	-	248,740
Depreciation Expense	-	400,716	-	400,716
			-	
Total Operating Expenses	295,578	1,614,752	-	1,910,330
Operating Income/(Loss)	6,509	(178,126)	-	(171,617)
Other Non-Operating Revenues (Expenses):				
Capital Grants	-	-	828,557	828,557
Investment Income - Unrestricted	1,162	8,762	-	9,924
Equity Transfers	-	1,007,884	(1,007,884)	-
Total Other Income (Expenses)	1,162	1,016,646	(179,327)	838,481
Excess/(Deficiency) of Operating Revenue Over/(Under) Expenses	7,671	838,520	(179,327)	666,864
Net Assets, Beginning of the Year	313,288	6,064,321	478,955	6,856,564
Net Assets, End of Year	$ 320,959	$ 6,902,841	$ 299,628	$ 7,523,428

IRONTON METROPOLITAN HOUSING AUTHORITY
LAWRENCE COUNTY
STATEMENT OF CASH FLOWS BY PROGRAM
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Section 8 Voucher	Public Housing	Capital Fund	TOTAL ENTERPRISE
Cash flows from operating activities:				
Receipts from tenants	$ -	$ 722,337	$ -	$ 722,337
Receipts from operating grants	297,199	645,791	-	942,990
Other operating receipts	4,888	63,901	-	68,789
Housing assistance payments	(248,740)	-	-	(248,740)
Payments for general and administrative expense	(86,365)	(1,139,339)	-	(1,225,704)
Net cash provided by operating activities	(33,018)	292,690	-	259,672
Cash flows from capital and related financing activities:				
Construction and acquisitions of capital assets	-	(12,785)	(828,557)	(841,342)
Capital grants	-	-	828,557	828,557
Net cash flow used by capital and related financing activities	-	(12,785)	-	(12,785)
Cash flows from noncapitalized and related financing activities:				
Noncapitalized Equity Transfer	-	15,238	-	15,238
Net cash flow provided by noncapitalized and related financing activities	-	15,238	-	15,238
Cash flows from investing activities:				
Interest received on investments	1,205	8,648	-	9,853
Net cash provided by investing activities	1,205	8,648	-	9,853
Net increase in cash and cash equivalents	(31,813)	303,791	-	271,978
Cash at beginning of year	359,492	1,667,939	-	2,027,431
Cash at end of year	$ 327,679	$ 1,971,730	$ -	$ 2,299,409
CASH FLOWS FROM OPERATING ACTIVITIES				
Reconciliation of Operating Loss to Net Cash Used by Operating Activities: by operation activities	$ 6,509	$ (178,126)	$ -	$ (171,617)
(Increase)Decrease In:				
Accounts Receivable	-	(7,993)	-	(7,993)
Prepaid Expenses and Other Assets	(3,994)	6,860	-	2,866
Interprogram Due From	-	37,717	-	37,717
Increase(Decrease) In:				
Accounts Payable	-	3,344	-	3,344
Accrued Wages/Payroll Taxes Payable	-	(178)	-	(178)
Compensated Absences	2,184	20,122	-	22,306
Tenant Security Deposits	-	3,396	-	3,396
Intergovernmental Payable	-	6,832	-	6,832
Interprogram Due To	(37,717)	-	-	(37,717)
Depreciation Expense	-	400,716	-	400,716
Net Cash Provided By Operating Activities	$ (33,018)	$ 292,690	$ -	$ 259,672

IRONTON METROPOLITAN HOUSING AUTHORITY
LAWRENCE COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2010

FEDERAL GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	2010 FEDERAL EXPENDITURES
DIRECT FROM U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:		
Low Rent Public Housing	14.850a	$ 645,791
Section 8 Housing Choice Vouchers	14.871	295,578
Public Housing Capital Fund	14.872	286,566
Public Housing Capital Fund - ARRA	14.885	541,991
TOTAL - FEDERAL AWARDS EXPENDITURES		$ 1,769,926

See accompanying notes to the Schedule of Federal Awards Expenditures.

IRONTON METROPOLITAN HOUSING AUTHORITY
LAWRENCE COUNTY

NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures, the “schedule,” is a summary of the activity of the Authority’s federal award programs. The schedule has been prepared on the cash basis of accounting.

Perry & Associates

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INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

April 12, 2011

Ironton Metropolitan Housing Authority
720 Washington Street
Ironton, OH 45638

To the Board of Commissioners:

We have audited the financial statements of the business-type activities of **Ironton Metropolitan Housing Authority, Lawrence County** (the Authority), as of and for the year ended September 30, 2010, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated April 12, 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 management, members of the Board of Commissioners, federal awarding agencies, and others within the Authority. It is not intended for anyone other than these specified parties.

Respectfully Submitted,

Perry & Associates CPA's A.C.

Perry & Associates
Certified Public Accountants, A.C.

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

April 12, 2011

Ironton Metropolitan Housing Authority
720 Washington Street
Ironton, OH 45638

To the Board of Commissioners:

Compliance

We have audited the compliance of **Ironton Metropolitan Housing Authority, Lawrence County** (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 could directly and materially affect each of its major federal program for the year ended September 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the Authority's major federal program. 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 included in the Comptroller 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 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 Authority complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended September 30, 2010. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying schedule of findings lists this instance as finding 2010-001.

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 to determine our auditing procedures for the purpose of opining on compliance, and to test and report on internal control over 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.

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 control 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.

The Authority's response to the finding we identified is described in the accompanying corrective action plan. We did not audit the District's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management, members of the Board of Commissioners, federal awarding agencies, and others within the Authority. It is not intended for anyone other than these specified parties.

Respectfully submitted,

Perry & Associates CPA's A.C.

Perry & Associates
Certified Public Accountants, A.C.

IRONTON METROPOLITAN HOUSING AUTHORITY
LAWRENCE COUNTY
FOR THE YEAR ENDED SEPTEMBER 30, 2010

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unqualified
(d)(1)(ii)	**Were there any material control weaknesses reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material internal control weaknesses reported for major federal programs?**	No
(d)(1)(iv)	**Were there any other significant deficiencies in internal control 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 § .510?**	Yes
(d)(1)(vii)	**Major Programs (list):**	Section 8 Housing Choice Vouchers CFDA # 14.871Public 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

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

None.

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505

3. FINDINGS FOR FEDERAL AWARDS

FINDING NUMBER 2010-001

Noncompliance Citation

31 U.S.C 7502(a)(1)(A) requires non-federal entities that expend $500,000 or more in a year in Federal Awards shall have an annual Single or Program-Specific audit conducted for that year and filed with the Federal Audit Clearinghouse within nine months after year end.

The Authority did not file their annual audit with the Federal Audit Clearinghouse within the nine month period after year end for fiscal year 2009.

We recommend that the district file their annual audit with the Federal Audit Clearinghouse within nine months after fiscal year end.

Management's Response – See corrective action plan.

IRONTON METROPOLITAN HOUSING AUTHORITY
LAWRENCE COUNTY
FOR THE YEAR ENDED SEPTEMBER 30, 2010

CORRECTIVE ACTION PLAN

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2010-001	The Authority plans on filing their annual audit with the Federal Audit Clearinghouse within the nine month period after fiscal year end	4/30/11	Jim Johnson Director

IRONTON METROPOLITAN HOUSING AUTHORITY
LAWRENCE COUNTY
FOR THE YEAR ENDED SEPTEMBER 30, 2010
SUMMARY OF ACTIVITIES

At the close of fiscal year-ended September 30, 2010, the Ironton Metropolitan Housing Authority had the following operations under management:

	Units
Public Housing	
Owned	251
Section 8	
Existing	84
TOTAL	335

Prior Audit Findings

No prior Audit Findings.

IRONTON METROPOLITAN HOUSING AUTHORITY
LAWRENCE COUNTY
FOR THE YEAR ENDED SEPEMBER 30, 2010
ACTUAL MODERNIZATION COST CERTIFICATES

Modernization Project Number : OH16P019501-09

Original Funds Approved:	$	460,745
Funds Disbursed:	$	-
Funds Expended (Actual Modernization Cost):	$	-
Amount to be Recaptured:		Not Applicable
Excess of Funds Disbursed:		Not Applicable

Modernization Project Number : OH16S019501-09

Original Funds Approved:	$	585,091
Funds Disbursed:	$	585,091
Funds Expended (Actual Modernization Cost):	$	585,091
Amount to be Recaptured:		Not Applicable
Excess of Funds Disbursed:		Not Applicable

Modernization Project Number : OH16P019501-08

Original Funds Approved:	$	462,230
Funds Disbursed:	$	299,628
Funds Expended (Actual Modernization Cost):	$	299,628
Amount to be Recaptured:		Not Applicable
Excess of Funds Disbursed:		Not Applicable

Modernization Project Number : OH16P019501-07

Original Funds Approved:	$	443,176
Funds Disbursed:	$	443,176
Funds Expended (Actual Modernization Cost):	$	443,176
Amount to be Recaptured:		Not Applicable
Excess of Funds Disbursed:		Not Applicable

IRONTON METROPOLITAN HOUSING AUTHORITY

LAWRENCE 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
MAY 5, 2011