

Perry Metropolitan Housing Authority

Financial Statements

For the Year Ended December 31, 2011



Dave Yost • Auditor of State

Board of Commissioners
Perry Metropolitan Housing Authority
28 Brown Circle Drive
Crooksville, Ohio 43731

We have reviewed the *Independent Auditors' Report* of the Perry Metropolitan Housing Authority, Perry County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period January 1, 2011 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

July 20, 2012

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PERRY METROPOLITAN HOUSING AUTHORITY
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2011

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-11
Financial statements:	
Statement of Net Assets	12-13
Statement of Revenue, Expenses and Change in Net Assets	14
Statement of Cash Flows	15-16
Notes to the Financial statements	17-31
Supplemental Data:	
Financial Data Schedule	32-38
PHA's Statement and Certification of Actual Modernization Cost:	
- Grant Number OH16P03450108	39
- Grant Number OH16P03450109R	40
Schedule of Expenditures of Federal Awards	41
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	42-43
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	44-45
Schedule of Findings and Questioned Costs	46
Schedule of Prior Audit Findings	47

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6548 Royalton Road, Suite 104
North Royalton, Ohio 44133
Phone (440) 877-9870
Fax (440) 877-9237
sconsiglio@salcpa.com

Independent Auditors' Report

Board of Commissioners
Perry Metropolitan Housing Authority

I have audited the accompanying financial statements of the business-type activities of Perry Metropolitan Housing Authority, Ohio, as of and for the year ended December 31, 2011, which collectively comprise the Authority basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Perry Metropolitan Housing Authority, Ohio's, management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Perry Metropolitan Housing Authority, Ohio, as of December 31, 2011, and the respective changes in financial position and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated May 9, 2012, on my consideration of Perry Metropolitan Housing Authority, Ohio's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of my audit.

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

My Audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Perry Metropolitan Housing Authority basic financial statements. The accompanying Schedule of Expenditure of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government and Non-Profit Organizations* and is not a required part of the financial statements. The FDS Schedule and the PHA's Statement and Certification of Actual Modernization Cost is presented for purposes additional analysis as required by the Department of Housing and Urban Development and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Salvatore Consiglio, CPA, Inc.
May 9, 2012

PERRY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011

Unaudited

The Perry Metropolitan Housing Authority's ("the Authority") Management's Discussion and Analysis (MD&A) is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's position, and (d) identify individual fund issues of concerns.

Since the MD&A is designed to focus of the 2011 year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statement.

FINANCIAL HIGHLIGHTS

- Total revenues: FYE 12/31/10: \$2,008,542 Decrease of \$279,437 (14%)
 FYE 12/31/11: \$1,729,105
- Total expenses: FYE 12/31/10: \$1,856,847 Increase of \$51,612 (3%)
 FYE 12/31/11: \$1,908,459

USING THIS ANNUAL REPORT

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

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

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

PERRY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011
Unaudited

Authority financial Statements

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

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

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

Net Assets, Invested in Capital Assets, net of Related Debt: This component of Net Assets consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, constructions, 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 creditor (such as debt covenants), grantors, contributors, laws, regulations, etc.

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

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

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

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

PERRY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011

Unaudited

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

AUTHORITY PROGRAMS

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

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

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

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

Other Business Activity – Tracking of the Supported Living Program (Perry County DD) activity.

AUTHORITY STATEMENTS

Statement of Net Assets

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

PERRY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011

Unaudited

TABLE 1
STATEMENT OF NET ASSETS

	<u>2011</u>	<u>2010</u>
Current and Other Assets	\$ 899,826	\$ 1,045,904
Capital Assets	2,914,961	3,088,319
Notes, loans & mortgages receivable - non current	<u>158,613</u>	<u>161,680</u>
 Total Assets	 <u>\$ 3,973,400</u>	 <u>\$ 4,295,903</u>
 Current Liabilities	 \$ 127,663	 \$ 264,743
Long-Term Liabilities	<u>99,788</u>	<u>105,857</u>
 Total Liabilities	 <u>227,451</u>	 <u>370,600</u>
 Net Assets:		
Investment in Capital Assets, net of Related Debt	2,982,134	3,164,926
Restricted Net Assets	211,871	246,310
Unrestricted Net Assets	<u>551,944</u>	<u>514,067</u>
 Total Net Assets	 <u>3,745,949</u>	 <u>3,925,303</u>
 Total Liabilities and Net Assets	 <u>\$ 3,973,400</u>	 <u>\$ 4,295,903</u>

Major Factors Affecting the Statement of Net Assets

During 2011, current and other assets decreased by \$146,078, and current liabilities decreased by \$137,080. The decrease in current assets is mainly due to the change in cash due to the result of current activities. The decrease in liability is due to the elimination of a payable to HUD from last year statements and change in deferred revenue.

Capital assets also changed, decreasing from \$3,088,319 to \$2,914,961. The \$173,358 decrease may be contributed primarily to a combination of total acquisitions of \$110,781 less current year depreciation of \$284,139.

PERRY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011

Unaudited

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

TABLE 2
CHANGE OF NET ASSETS

	Unrestricted	Restricted	Investment in Capital Assets
Beginning Balance - January 1, 2011	\$ 514,067	\$ 246,310	\$ 3,164,926
Results of Operation	(144,915)	(34,439)	-
Adjustments:			
Current Year Depreciation Expense (1)	284,139	-	(284,139)
Capital Expenditure (2)	(110,781)	-	110,781
Current Year Net Debt Issued and Retired	(5,383)	-	5,383
Restatement of Investment of Capital Assets	14,817	-	(14,817)
Ending Balance - December 31, 2011	<u>\$ 551,944</u>	<u>\$ 211,871</u>	<u>\$ 2,982,134</u>

(1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Assets.

(2) Capital expenditures represent an outflow of unrestricted net assets, but are not treated as an expense against Results of Operations, and therefore must be deducted.

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

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

PERRY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011

Unaudited

TABLE 3

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	<u>2011</u>	<u>2010</u>
<u>Revenues</u>		
Total Tenant Revenues	\$ 279,053	\$ 258,503
Operating Subsidies	1,288,382	1,457,715
Capital Grants	110,777	278,950
Investment Income	4,255	4,738
Other Revenues	46,638	8,636
	<u>1,729,105</u>	<u>2,008,542</u>
<u>Expenses</u>		
Administrative	276,150	270,547
Tenant Services	8,424	1,114
Utilities	130,657	126,745
Maintenance	300,509	268,452
General and Interest Expenses	100,109	104,371
Housing Assistance Payments	808,471	783,243
Depreciation	284,139	302,375
	<u>1,908,459</u>	<u>1,856,847</u>
Net Increases (Decreases)	\$ <u>(179,354)</u>	\$ <u>151,695</u>

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

Tenant revenue increased by \$20,550 from 2010. Operating Subsidy reflects a decrease of \$169,333 due to receiving less Operating Grant Funds from HUD. Capital grants decreased \$168,173 due to reduced capital improvement projected during the year. Total expenses increased \$51,612 due mainly to increases in housing assistance payments and increased maintenance costs.

PERRY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011

Unaudited

CAPITAL ASSETS

As of year-end, the Authority had \$2,914,961 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of \$173,358 or 5.61% from the end of 2010. This decrease was due to capital improvements to buildings and depreciation expense.

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

	<u>2011</u>	<u>2010</u>
Land and Land Rights	\$ 250,219	\$ 250,219
Buildings	6,972,272	6,876,846
Equipment	427,199	435,742
Leasehold Improvement	1,722,118	1,722,119
Accumulated Depreciation	<u>(6,456,847)</u>	<u>(6,196,607)</u>
 Total	 <u>\$ 2,914,961</u>	 <u>\$ 3,088,319</u>

The following reconciliation identifies the change in Capital Assets:

TABLE 5
CHANGE IN CAPITAL ASSETS

Beginning Balance - January 1, 2011	\$ 3,088,319
Current Year Additions	110,781
Current Year Depreciation Expense	<u>(284,139)</u>
 Ending Balance - December 31, 2011	 <u>\$ 2,914,961</u>

PERRY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011

Unaudited

Current Year Additions are summarized as follows:

- Windows / Doors / Siding Replacement	\$ 106,577
- Background check equipment	4,204

Total 2009 Additions	\$ 110,781

DEBT OUTSTANDING

As of 12/31/2011 the Authority has \$91,440 in outstanding debt.

Table 6

Condensed Statement of Changes in Debt Outstanding

Beginning Balance - January 1, 2011	\$ 96,823
Current Year Loans Proceeds	-
Current Year Loan Retirements	(5,383)

Ending Balance - December 31, 2011	\$ 91,440

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

Federal funding provided by Congress to the Department of Housing and Urban Development

Local labor supply and demand, which can affect salary and wage rates

Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income

Inflationary pressure on utility rates, supplies and other costs

PERRY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011

Unaudited

IN CONCLUSION

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

FINANCIAL CONTACT

If you have any questions regarding this report, you may contact Sandra Harper, Executive Director of the Perry Metropolitan Housing Authority at (740) 982-5991.

Perry County Metropolitan Housing Authority
Statement of Net Assets
Proprietary Funds
December 31, 2011

ASSETS

Current assets

Cash and cash equivalents	\$586,899
Restricted cash and cash equivalents	244,160
Receivables, net	18,481
Inventories, net	12,304
Prepaid expenses and other assets	37,982
<i>Total current assets</i>	<u>899,826</u>

Noncurrent assets

Capital assets:	
Land	250,219
Building and equipment	9,121,589
Less accumulated depreciation	<u>(6,456,847)</u>
Capital assets, net	2,914,961
Other noncurrent assets	<u>158,613</u>
<i>Total noncurrent assets</i>	<u>3,073,574</u>
Total assets	<u><u>\$3,973,400</u></u>

Current liabilities

Accounts payable	\$9,385
Accrued liabilities	54,602
Intergovernmental payables	19,824
Tenant security deposits	28,370
Deferred revenue	8,982
Bonds, notes, and loans payable	<u>6,500</u>
<i>Total current liabilities</i>	<u>\$127,663</u>

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

Perry County Metropolitan Housing Authority
Statement of Net Assets (Continued)
Proprietary Funds
December 31, 2011

Noncurrent liabilities

Bonds, notes, and loans payable	\$84,940
Accrued compensated absences non-current	10,929
Noncurrent liabilities - other	3,919
<i>Total noncurrent liabilities</i>	<u>99,788</u>
Total liabilities	<u><u>\$227,451</u></u>

NET ASSETS

Invested in capital assets, net of related debt	\$2,982,134
Restricted net assets	211,871
Unrestricted net assets	551,944
Total net assets	<u><u>\$3,745,949</u></u>

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

Perry County Metropolitan Housing Authority
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2011

OPERATING REVENUES

Tenant Revenue	\$279,053
Government operating grants	1,288,382
Other revenue	46,638
Total operating revenues	<u>1,614,073</u>

OPERATING EXPENSES

Administrative	276,150
Tenant services	8,424
Utilities	130,657
Maintenance	300,509
General	97,456
Housing assistance payment	808,471
Depreciation	284,139
Total operating expenses	<u>1,905,806</u>
Operating income (loss)	<u>(291,733)</u>

NONOPERATING REVENUES (EXPENSES)

Interest and investment revenue	4,255
Interest expense	(2,653)
Total nonoperating revenues (expenses)	<u>1,602</u>
Income (loss) before contributions and transfers	(290,131)
Capital grants	110,777
Change in net assets	(179,354)
Total net assets - beginning	3,925,303
Total net assets - ending	<u><u>\$3,745,949</u></u>

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

**Perry Metropolitan Housing Authority
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2011**

CASH FLOWS FROM OPERATING ACTIVITIES

Operating grants received	\$1,144,740
Tenant revenue received	285,884
Other revenue received	46,638
General and administrative expenses paid	(813,226)
Housing assistance payments	(808,471)

Net cash provided (used) by operating activities (144,435)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest earned	<u>4,255</u>
-----------------	--------------

Net cash provided (used) by investing activities 4,255

CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES

Capital grant funds received	110,777
Interest Expense	(2,653)
Debt principal payment	(5,383)
Property and equipment purchased	(110,781)

Net cash provided (used) by capital and related activities (8,040)

Net increase (decrease) in cash (148,220)

Cash and cash equivalents - Beginning of year 979,279

Cash and cash equivalents - End of year \$831,059

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

**Perry Metropolitan Housing Authority
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended December 31, 2011**

***RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES***

Net Operating Income (Loss)	(\$291,733)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities	
- Depreciation	284,139
- (Increases) Decreases in Accounts Receivable	5,419
- (Increases) Decreases in Inventory	3,830
- (Increases) Decreases in Prepaid Assets	(11,391)
- (Increases) Decreases in Other Assets	3,067
- Increases (Decreases) in Accounts Payable	(13,865)
- Increases (Decreases) in Accrued Expenses Payable	5,687
- Increases (Decreases) in Compensated Absence Payable	635
- Increases (Decreases) in Intergovernmental Payable	(58,586)
- Increases (Decreases) in Deferred Revenue	(69,970)
- Increases (Decreases) in Tenant Security Deposits	(846)
- Increases (Decreases) in Non-Current Liabilities Other	(821)
	(821)
<i>Net cash provided by operating activities</i>	<i>(\$144,435)</i>

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

PERRY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

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

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship

PERRY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

exists if the primary government **a)** is entitled to the organization's resources; **b)** is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or **c)** is obligated in some manner for the debt of the organization.

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

Basis of Presentation

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

Fund Accounting

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

Funds are classified into three categories: governmental, proprietary and fiduciary. The Authority uses the proprietary category for its programs.

Proprietary Fund Types

Proprietary funds are used to account for the Authority's ongoing activities which are similar to those found in the private sector. The following is the proprietary fund type: Enterprise Fund - This fund is used to account for the operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

PERRY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus/Basis of Accounting

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

Description of programs

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

A. **Public Housing Program**

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

B. **Capital Fund Program**

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

C. **Housing Choice Voucher Program**

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

D. **Business Activity**

The Business Activity Program represents MR/DD Supported Living Program activities. The revenue and expenses for these services are identified and tracked separate from the HUD activities.

Accounting and Reporting for Non-exchange Transactions

Non-exchange transactions occur when the Public Housing Authority (PHA) receives (or gives) value without directly giving equal value in return. GASB 33 identifies four classes of non-exchange transactions as follows:

PERRY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Derived tax revenues: result from assessments imposed on exchange transactions (i.e., income taxes, sales taxes and other assessments on earnings or consumption).
- Imposed nonexchange revenues: result from assessments imposed on nongovernmental entities, including individuals, other than assessments on exchange transactions (i.e. property taxes and fines).
- Government-mandated nonexchange transactions: occur when a government at one level provides resources to a government at another level and requires the recipient to use the resources for a specific purpose (i.e., federal programs that state or local governments are mandated to perform).
- Voluntary nonexchange transactions: result from legislative or contractual agreements, other than exchanges, entered into willingly by the parties to the agreement (i.e., certain grants and private donations).

PHA grants and subsidies will be defined as government-mandated or voluntary nonexchange transactions.

GASB 33 establishes two distinct standards depending upon the kind of stipulation imposed by the provider.

- Time requirements specify (a) the period when resources are required to be used or when use may begin (for example, operating or capital grants for a specific period) or (b) that the resources are required to be maintained intact in perpetuity or until a specified date or event has occurred (for example, permanent endowments, term endowments, and similar agreements). Time requirements affect the timing of recognition of nonexchange transactions.
- Purpose restrictions specify the purpose for which resources are required to be used. (i.e. capital grants used for the purchase of capital assets). Purpose restrictions do not affect when a nonexchange transaction is recognized. However, PHAs that receive resources with purpose restrictions should report resulting net assets, equity, or fund balance as restricted.

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

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

PERRY METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2011
 (CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The PHA receives government-mandated or voluntary nonexchange transactions, which do not specify time requirements. Upon award, the entire subsidy should be recognized as a receivable and revenue in the period when applicable eligibility requirements have been met.

Deferred Revenue

Deferred revenue arises when revenues are received before revenue recognition criteria have been satisfied.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond December 31, 2011, are recorded as prepaid expenses using the consumption method. A current asset for the amount is recorded at the time of the purchase and expense is reported in the year in which the services are consumed.

Investments

Investments are restricted by the provisions of the HUD Regulations (See Note 2). Investments are valued at market value. Interest income earned in fiscal year 2010 totaled \$4,255.

Capital Assets

Capital assets are stated at cost and depreciation is computed using the straight line method over an estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized. The capitalization policy is \$750. The following are the useful lives used for depreciation purposes:

Buildings – residential	27.5
Buildings – non residential	40
Building improvements	15
Furniture – dwelling	7
Furniture – non-dwelling	7
Equipment – dwelling	5
Equipment – non-dwelling	7
Autos and trucks	5
Computer hardware	3
Computer software	3
Leasehold improvements	15

PERRY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

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

Operating Revenues and Expenses

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

Capital Contributions

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

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

Compensated Absences

The Authority accounts for compensated absences in accordance with GASB Statement No. 16. Sick leave and other compensated absences with similar characteristics are accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments. To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. All employees who meet the termination policy of the Authority for years of service are included in the calculation of the compensated absences accrual amount.

PERRY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

	Current Accrued Compensated Absence	Long-Term Accrued Compensated Absence	Total Accrued Compensated Absence
Public Housing	\$1,404	\$0	\$1,404
Section 8	597	0	597
Central Office	30,553	10,929	41,482
Total	\$32,553	\$10,929	\$43,482

The following is a summary of changes in compensated absence liability:

	Balance 12/31/10	Increase	Decrease	Balance 12/31/11	Due Within One Year
Total Compensated Absence Liability	\$ 42,118	\$ 40,112	\$ 38,748	\$ 43,483	\$32,553

Inventories

Inventory valued of \$12,304 in the financial statements is stated at net of obsolete balance. The allowance for obsolete inventory was \$1,270 at December 31, 2011.

PERRY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables – net of allowance

Total receivable as December 31, 2011 is \$18,481. This amount is net from the allowance of doubtful account of \$27,141. Bad debts are provided on the allowance method based on management's evaluation of the probability of collecting the outstanding tenant receivable balances at the end of the year.

Budgetary Accounting

The Authority is required by contractual agreements to adopt annual, appropriated operating budgets for all its Enterprise Funds receiving federal expenditure awards. All budgets are prepared on a HUD basis, which is materially consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year end. The Board of Commissioners adopts the budget through passage of a budget resolution.

Estimates

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

NOTE 2: DEPOSITS AND INVESTMENTS

Deposits

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

- A. Active deposits are public deposits necessary to meet demands on the treasury. Such monies must be maintained either as cash in the Authority's treasury, in commercial accounts payable or withdrawal on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.
- B. Inactive deposits are public deposits that the Authority has identified as not required for use within the current two period of designation of depositories. Inactive deposits must either be evidenced by certificate of deposits maturing not later than the end of the current period of designation of the depositories, or by savings or deposit accounts including, but not limited to passbook accounts.

PERRY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

NOTE 2: DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

At fiscal year-end December 31, 2011, the carrying amount of the Authority's deposits totaled \$831,059 and its bank balance was \$856,307. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of December 31, 2011, \$502,041 was exposed to custodial risk as discussed below, while \$354,266 was covered by the Federal Depository Insurance Corporation.

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

NOTE 3: RESTRICTED CASH AND INVESTMENT

Restricted cash balance as of December 31, 2011 of \$244,160 represents cash on hand for the following:

Tenant Security Deposit	\$28,370
Cash held in FSS Escrow	\$3,919
Cash on hand advance from HUD to be used for tenants housing assistance payments	\$211,871

PERRY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

NOTE 4: CAPITAL ASSETS

The following is a summary of changes:

	Balance				Balance
	12/31/10	Adjust.	Additions	Deletion	12/31/11
Capital Assets Not Depreciated:					
Land	\$250,219	\$0	\$0	\$0	\$250,219
Total Capital Assets Not Being Depreciated	250,219	0	0	0	250,219
Capital Assets Being Depreciated:					
Buildings and Improvements	8,598,965	0	95,425	0	8,694,390
Furniture and Equipment	435,742	0	15,356	(23,899)	427,199
Total Capital Assets Being Depreciated	9,034,707	0	110,781	(23,899)	9,121,589
Accumulated Depreciation:					
Buildings and Improvements	(5,847,339)	0	(264,590)	0	(6,111,929)
Furniture and Equipment	(349,268)	0	(19,549)	23,899	(344,918)
Total Accumulated Depreciation	(6,196,607)	0	(284,139)	23,899	(6,456,847)
Total Capital Assets Being Depreciated, Net	2,838,100	0	(173,358)	0	2,664,742
Total Capital Assets, Net	\$3,088,319	\$0	(\$173,358)	\$0	\$2,914,961

NOTE 5: LONG-TERM DEBT

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

- Loan payment to People's National Bank dated September 1998 in the amount of \$20,000, due in September 2013; interest rate 6.13%. Proceeds of the loan were used to purchase a property on Jackson Street. Balance as of December 31, 2010. \$3,264

PERRY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

NOTE 5: LONG-TERM DEBT (CONTINUED)

<ul style="list-style-type: none"> • Loan payment to North Valley Bank dated May 2002 in the amount of \$84,311, due in August 2031; interest rate 4.99%. Proceeds of the loan were used to purchase a property on Somerset Road. Balance as of December 31, 2010. 	67,868
<ul style="list-style-type: none"> • Loan payment to North Valley Bank dated November 2009 in the amount of \$24,500, due in November 2019; interest rate 5.00%. Proceeds of the loan were used to purchase a property on State Route 669 NE. Balance as of December 31, 2010. 	20,308
Total Outstanding Debt	91,440
Less Current Portion	(6,500)
<hr/>	
Total Long-Term Debt	\$84,940

The following is a summary of changes in long-term debt for the year ended December 31, 2010:

<u>DESCRIPTION</u>	<u>BALANCE</u> 12/31/10	<u>ISSUED</u>	<u>RETIRED</u>	<u>BALANCE</u> 12/31/11	<u>Due Within</u> <u>One Year</u>
Loan Payable	\$96,823	\$0	\$5,383	\$91,440	\$6,500
TOTAL	\$96,823	\$0	\$5,383	\$91,440	\$6,500

Maturities of the debt are as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	6,500	4,415	10,915
2013	5,758	4,081	9,839
2014	4,787	3,823	8,610
2015	5,032	3,578	8,610
2016	5,289	3,321	8,610
2017-2021	23,785	12,616	36,401
2022-2026	19,785	7,623	27,408
2027-2031	20,504	2,142	22,646
<hr/>			
Total	\$91,440	\$41,599	\$133,039

PERRY METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2011
 (CONTINUED)

NOTE 6: NON-CURRENT LIABILITIES

The balance of non-current liabilities - other at December 31, 2011 consists of the following:

- FSS escrow funds relating to the Housing Choice Voucher program \$3,919

NOTE 7: MRDD PROJECT AGREEMENT

Perry Metropolitan Housing Authority and Perry County Board MRDD have a project agreement for a supported living program. The agreement outlines that any monies received by MRDD for supported living will be forwarded to the MHA to purchase real estate with homes previously constructed and title to the said real estate will be in the name of the MHA. MRDD clients will benefit from these real estate transactions. The real estate and monies will revert back to MRDD if the property is not being used by eligible persons. The notes payable and mortgage receivables (land contracts) on these acquisitions are in the name of the MHA. At the end of the fiscal year the Authority had \$173,430 of mortgage receivable on the sale of land contract.

	Balance	Increase	Decrease	Balance	Due
	12/31/10			12/31/11	Within
					One Year
Mortgage Receivable	\$173,430	\$0	(\$8,317)	\$165,113	\$6,500

NOTE 8: DEFINED BENEFIT PENSION PLANS

The Authority participates in the Ohio Public Employees Retirement System (OPERS). OPERS administer three separate pension plans as described below:

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

PERRY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(CONTINUED)

**NOTE 8: DEFINED BENEFIT PENSION PLANS -PUBLIC EMPLOYEES
RETIREMENT SYSTEM (Continued)**

OPERS provide 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-Direct Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issue 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.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2011, member and employer rates were consistent across all three plans. The 2011 member contribution rates were 10.0% for members 14.0% for employers of covered payroll. The Authority's required contributions to OPERS for the years ended December 31, 2011, 2010, and 2009 were \$41,665, \$40,250, and \$40,955, respectively. The full amount has been contributed for 2009 and 2010. Ninety percent has been contributed for 2011, with the remainder being reported as a liability with the enterprise fund.

NOTE 9: POST EMPLOYMENT BENEFITS

A. Plan Description

The Public Employees Retirement System of Ohio (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 pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment 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.

PERRY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(CONTINUED)

NOTE 9: POST EMPLOYMENT BENEFITS (Continued)

OPERS issue a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 1-800-222-7377.

B. Funding Policy

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 2011, the Authority contributed at a rate of 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for state and local employer units. 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 2011, the employer contribution allocated to the health care plan was 5.50 percent of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Authority contributions for the years ended December 31, 2011, 2010 and 2009, which were used to fund post-employment benefits, were \$16,368, \$15,812 and \$17,179, respectively..

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of 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.

NOTE 10: INSURANCE AND RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority participates in the State Housing Authorities Risk Pool (SHARP), a public entity risk plan that operates as a common risk management and insurance program for housing authorities. The Authority pays insurance premiums directly to SHARP.

PERRY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(CONTINUED)

NOTE 10: INSURANCE AND RISK MANAGEMENT (Continued)

The Authority continues to carry commercial insurance for other risks of loss. There has been no significant reduction in insurance coverage from coverage in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 11: SCHEDULE OF EXPENDITURE OF FEDERAL AWARD

The accompanying Schedule of Expenditures of Federal Awards is a summary of the activity of the District's federal awards programs. The schedule has been prepared on the accrual basis of accounting prescribed by the U.S. Department of Housing and Urban Development.

NOTE 12: RECONCILIATION OF INVESTMENT IN CAPITAL ASSETS NET OF RELATED DEBT

The investment in capital asset net of related debt of \$2,982,134 is calculated as follows:

Total Capital Assets Net of Accumulated Depreciation Expense	\$2,914,961
Plus: Mortgage Receivable from sale of property on land contract	158,613
Less: Debt Mortgage Payable on property purchased	<u>91,440</u>
Total Investment in Capital Assets Net of Related Debt	<u><u>\$2,982,134</u></u>

Perry Metropolitan Housing Authority
FDS Schedule Submitted to REAC
Proprietary Fund Type - Enterprise Fund

December 31, 2011

	Project Total	14.871 Housing Choice Vouchers	Business Activities	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	156,116	150,427	26,823	121,072	454,438	0	454,438
113 Cash - Other Restricted	0	215,790	0	0	215,790	0	215,790
114 Cash - Tenant Security Deposits	28,370	0	0	0	28,370	0	28,370
100 Total Cash	184,486	366,217	26,823	121,072	698,598	0	698,598
125 Accounts Receivable - Miscellaneous	0	0	4,223	0	4,223	0	4,223
126 Accounts Receivable - Tenants	1,163	0	0	0	1,163	0	1,163
127 Notes, Loans, & Mortgages Receivable - Current	0	0	6,500	0	6,500	0	6,500
128 Fraud Recovery	4,503	28,669	0	0	33,172	0	33,172
128.1 Allowance for Doubtful Accounts - Fraud	0	(27,141)	0	0	(27,141)	0	(27,141)
129 Accrued Interest Receivable	322	0	0	242	564	0	564
120 Total Receivables, Net of Allowances for Doubtful Accounts	5,988	1,528	10,723	242	18,481	0	18,481
131 Investments - Unrestricted	75,656	0	0	56,805	132,461	0	132,461
142 Prepaid Expenses and Other Assets	22,216	2,189	0	13,577	37,982	0	37,982
143 Inventories	0	0	0	13,574	13,574	0	13,574
143.1 Allowance for Obsolete Inventories	0	0	0	(1,270)	(1,270)	0	(1,270)
144 Inter Program Due From	5,000	0	0	14,740	19,740	(19,740)	0
150 Total Current Assets	293,346	369,934	37,546	218,740	919,566	(19,740)	899,826

Perry Metropolitan Housing Authority
FDS Schedule Submitted to REAC
Proprietary Fund Type - Enterprise Fund

December 31, 2011

	Project Total	14.871 Housing Choice Vouchers	Business Activities	COCC	Subtotal	ELIM	Total
161 Land	228,579	0	15,640	6,000	250,219	0	250,219
162 Buildings	6,876,155	29,361	34,500	32,256	6,972,272	0	6,972,272
163 Furniture, Equipment & Machinery - Dwellings	175,417	0	0	210,839	386,256	0	386,256
164 Furniture, Equipment & Machinery - Administration	26,890	14,053	0	0	40,943	0	40,943
165 Leasehold Improvements	1,722,118	0	0	0	1,722,118	0	1,722,118
166 Accumulated Depreciation	(6,185,601)	(29,761)	(16,936)	(224,549)	(6,456,847)	0	(6,456,847)
160 Total Capital Assets, Net of Accumulated Depreciation	2,843,558	13,653	33,204	24,546	2,914,961	0	2,914,961
171 Notes, Loans and Mortgages Receivable - Non-Current	0	0	158,613	0	158,613	0	158,613
180 Total Non-Current Assets	2,843,558	13,653	191,817	24,546	3,073,574	0	3,073,574
190 Total Assets	3,136,904	383,587	229,363	243,286	3,993,140	(14,740)	3,973,400
312 Accounts Payable <= 90 Days	6,337	349	1,226	1,473	9,385	0	9,385
321 Accrued Wage/Payroll Taxes Payable	1,180	757	0	20,111	22,048	0	22,048
322 Accrued Compensated Absences - Current Portion	1,404	597	0	30,553	32,554	0	32,554
331 Accounts Payable - HUD PHA Programs	0	6,435	0	0	6,435	0	6,435
333 Accounts Payable - Other Government	13,389	0	0	0	13,389	0	13,389

Perry Metropolitan Housing Authority
FDS Schedule Submitted to REAC
Proprietary Fund Type - Enterprise Fund

December 31, 2011

	Project Total	14.871 Housing Choice Vouchers	Business Activities	COCC	Subtotal	ELIM	Total
341 Tenant Security Deposits	28,370	0	0	0	28,370	0	28,370
342 Deferred Revenues	8,982	0	0	0	8,982	0	8,982
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	0	0	6,500	0	6,500	0	6,500
347 Inter Program - Due To	6,185	6,421	2,134	5,000	19,740	(19,740)	0
310 Total Current Liabilities	65,847	14,559	9,860	57,137	147,403	(19,740)	127,663
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	0	0	84,940	0	84,940	0	84,940
353 Non-current Liabilities - Other	0	3,919	0	0	3,919	0	3,919
354 Accrued Compensated Absences - Non Current	0	0	0	10,929	10,929	0	10,929
350 Total Non-Current Liabilities	0	3,919	84,940	10,929	99,788	0	99,788
300 Total Liabilities	65,847	18,478	94,800	68,066	247,191	(19,740)	227,451
508.1 Invested In Capital Assets, Net of Related Debt	2,843,558	13,653	100,377	24,546	2,982,134	0	2,982,134
511.1 Restricted Net Assets	0	211,871	0	0	211,871	0	211,871
512.1 Unrestricted Net Assets	227,499	139,585	34,186	155,674	551,944	0	551,944
513 Total Equity/Net Assets	3,071,057	365,109	134,563	175,220	3,745,949	0	3,745,949
600 Total Liabilities and Equity/Net Assets	3,136,904	383,587	229,363	243,286	3,993,140	(19,740)	3,973,400

Perry Metropolitan Housing Authority
FDS Schedule Submitted to REAC
Proprietary Fund Type - Enterprise Fund

December 31, 2011

	Project Total	14.871 Housing Choice Vouchers	Business Activities	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$260,716	\$0	\$7,703	\$0	\$268,419	\$0	\$268,419
70400 Tenant Revenue - Other	\$10,634	\$0	\$0	\$0	\$10,634	\$0	\$10,634
70500 Total Tenant Revenue	\$271,350	\$0	\$7,703	\$0	\$279,053	\$0	\$279,053
70600 HUD PHA Operating Grants	\$326,493	\$888,217	\$0	\$0	\$1,214,710	\$0	\$1,214,710
70610 Capital Grants	\$110,777	\$0	\$0	\$0	\$110,777	\$0	\$110,777
70710 Management Fee	\$0	\$0	\$0	\$106,783	\$106,783	(\$106,783)	\$0
70730 Book Keeping Fee	\$0	\$0	\$0	\$31,590	\$31,590	(\$31,590)	\$0
70750 Other Fees	\$0	\$0	\$0	\$177,670	\$177,670	(\$177,670)	\$0
70800 Other Government Grants	\$0	\$0	\$73,672	\$0	\$73,672	\$0	\$73,672
71100 Investment Income - Unrestricted	\$2,022	\$250	\$50	\$1,501	\$3,823	\$0	\$3,823
71400 Fraud Recovery	\$5,459	\$9,442	\$0	\$0	\$14,901	\$0	\$14,901
71500 Other Revenue	\$6,481	\$11,085	\$3,201	\$5,970	\$26,737	\$0	\$26,737
71600 Gain or Loss on Sale of Capital Assets	\$5,000	\$0	\$0	\$0	\$5,000	\$0	\$5,000
72000 Investment Income - Restricted	\$0	\$432	\$0	\$0	\$432	\$0	\$432
70000 Total Revenue	\$727,582	\$909,426	\$84,626	\$323,514	\$2,045,148	(\$316,043)	\$1,729,105
91100 Administrative Salaries	\$43,651	\$34,010	\$0	\$78,946	\$156,607	\$0	\$156,607
91200 Auditing Fees	\$3,200	\$1,653	\$0	\$983	\$5,836	\$0	\$5,836
91300 Management Fee	\$75,607	\$31,176	\$0	\$0	\$106,783	(\$106,783)	\$0

Perry Metropolitan Housing Authority
FDS Schedule Submitted to REAC
Proprietary Fund Type - Enterprise Fund

December 31, 2011

	Project Total	14.871 Housing Choice Vouchers	Business Activities	COCC	Subtotal	ELIM	Total
91310 Book-keeping Fee	\$10,605	\$20,985	\$0	\$0	\$31,590	(\$31,590)	\$0
91500 Employee Benefit contributions - Administrative	\$13,092	\$6,005	\$0	\$24,800	\$43,897	\$0	\$43,897
91600 Office Expenses	\$38,356	\$19,140	\$968	\$7,966	\$66,430	\$0	\$66,430
91700 Legal Expense	\$895	\$114	\$0	\$0	\$1,009	\$0	\$1,009
91800 Travel	\$1,537	\$228	\$0	\$6	\$1,771	\$0	\$1,771
91900 Other	\$0	\$0	\$600	\$0	\$600	\$0	\$600
91000 Total Operating - Administrative	\$186,943	\$113,311	\$1,568	\$112,701	\$414,523	(\$138,373)	\$276,150
92400 Tenant Services - Other	\$8,424	\$0	\$0	\$0	\$8,424	\$0	\$8,424
92500 Total Tenant Services	\$8,424	\$0	\$0	\$0	\$8,424	\$0	\$8,424
93100 Water	\$46,067	\$0	\$0	\$574	\$46,641	\$0	\$46,641
93200 Electricity	\$43,202	\$576	\$46	\$1,733	\$45,557	\$0	\$45,557
93300 Gas	\$1,285	\$0	\$174	\$175	\$1,634	\$0	\$1,634
93600 Sewer	\$36,274	\$0	\$0	\$304	\$36,578	\$0	\$36,578
93800 Other Utilities Expense	\$0	\$0	\$0	\$247	\$247	\$0	\$247
93000 Total Utilities	\$126,828	\$576	\$220	\$3,033	\$130,657	\$0	\$130,657
94100 Ordinary Maintenance and Operations - Labor	\$0	\$0	\$0	\$102,918	\$102,918	\$0	\$102,918
94200 Ordinary Maintenance and Operations - Materials and Other	\$74,275	\$2,233	\$2,897	\$19,216	\$98,621	\$0	\$98,621

Perry Metropolitan Housing Authority
FDS Schedule Submitted to REAC
Proprietary Fund Type - Enterprise Fund

December 31, 2011

	Project Total	14.871 Housing Choice Vouchers	Business Activities	COCC	Subtotal	ELIM	Total
94300 Ordinary Maintenance and Operations Contracts	\$195,694	\$1,299	\$0	\$123	\$197,116	(\$177,670)	\$19,446
94500 Employee Benefit Contributions - Ordinary Maintenance	\$0	\$0	\$0	\$79,524	\$79,524	\$0	\$79,524
94000 Total Maintenance	\$269,969	\$3,532	\$2,897	\$201,781	\$478,179	(\$177,670)	\$300,509
96110 Property Insurance	\$20,939	\$0	\$3,837	\$8,877	\$33,653	\$0	\$33,653
96120 Liability Insurance	\$0	\$1,742	\$0	\$0	\$1,742	\$0	\$1,742
96100 Total insurance Premiums	\$20,939	\$1,742	\$3,837	\$8,877	\$35,395	\$0	\$35,395
96200 Other General Expenses	\$126	\$0	\$18	\$0	\$144	\$0	\$144
96210 Compensated Absences	\$5,325	\$4,278	\$0	\$30,509	\$40,112	\$0	\$40,112
96300 Payments in Lieu of Taxes	\$13,389	\$0	\$0	\$0	\$13,389	\$0	\$13,389
96500 Bad debt - Mortgages	\$8,416	\$0	\$0	\$0	\$8,416	\$0	\$8,416
96000 Total Other General Expenses	\$27,256	\$4,278	\$18	\$30,509	\$62,061	\$0	\$62,061
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$0	\$2,653	\$0	\$2,653	\$0	\$2,653
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$2,653	\$0	\$2,653	\$0	\$2,653
96900 Total Operating Expenses	\$640,359	\$123,439	\$11,193	\$356,901	\$1,131,892	(\$316,043)	\$815,849

Perry Metropolitan Housing Authority
FDS Schedule Submitted to REAC
Proprietary Fund Type - Enterprise Fund

December 31, 2011

	Project Total	14.871 Housing Choice Vouchers	Business Activities	COCC	Subtotal	ELIM	Total
97000 Excess of Operating Revenue over Operating Expenses	\$87,223	\$785,987	\$73,433	(\$33,387)	\$913,256	\$0	\$913,256
97300 Housing Assistance Payments	\$0	\$808,471	\$0	\$0	\$808,471	\$0	\$808,471
97400 Depreciation Expense	\$280,256	\$1,436	\$1,255	\$1,192	\$284,139	\$0	\$284,139
90000 Total Expenses	\$920,615	\$933,346	\$12,448	\$358,093	\$2,224,502	(\$316,043)	\$1,908,459
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(\$193,033)	(\$23,920)	\$72,178	(\$34,579)	(\$179,354)	\$0	(\$179,354)
11030 Beginning Equity	\$3,264,090	\$389,029	\$62,385	\$209,799	\$3,925,303	\$0	\$3,925,303
11170 Administrative Fee Equity	\$0	\$153,238	\$0	\$0	\$153,238	\$0	\$153,238
11180 Housing Assistance Payments Equity	\$0	\$211,871	\$0	\$0	\$211,871	\$0	\$211,871
11190 Unit Months Available	1,416	2,616	60	0	4,092	0	4,092
11210 Number of Unit Months Leased	1,416	2,602	60	0	4,078	0	4,078

Perry Metropolitan Housing Authority
PHA's Statement and Certification of Actual Modernization Cost
December 31, 2011

Capital Fund Program Number OH16P03450108

1. The Program Costs are as follows:

Funds Approved	\$185,739
Funds Expended	<u>185,739</u>
Excess (Deficiency) of Funds Approved	<u><u>\$ -0-</u></u>
Funds Advanced	\$185,739
Funds Expended	<u>185,739</u>
Excess (Deficiency) of Funds Advanced	<u><u>\$ -0-</u></u>

2. All costs have been paid and there are no outstanding obligations.
3. The Final Financial Status Report was signed and filed on June 14, 2011.
4. The final costs on the certification agree to the Authority's records.

Perry Metropolitan Housing Authority
PHA's Statement and Certification of Actual Modernization Cost
December 31, 2011

Capital Fund Program Number OH16P03450109R

5. The Program Costs are as follows:

Funds Approved	\$214,500
Funds Expended	<u>214,500</u>
Excess (Deficiency) of Funds Approved	<u><u>\$ -0-</u></u>
Funds Advanced	\$214,500
Funds Expended	<u>214,500</u>
Excess (Deficiency) of Funds Advanced	<u><u>\$ -0-</u></u>

6. All costs have been paid and there are no outstanding obligations.
7. The Final Financial Status Report was signed and filed on June 14, 2011.
8. The final costs on the certification agree to the Authority's records.

Perry Metropolitan Housing Authority
 Schedule of Expenditure of Federal Award
 For the Year Ended December 31, 2011

FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES	CFDA NUMBER	EXPENDITURES
U.S. Department of Housing and Urban Development		
Direct Program		
Low Rent Public Housing	14.850	\$265,832
Housing Choice Voucher Program	14.871	888,217
Public Housing Capital Fund Program	14.872	<u>171,438</u>
Total Expenditure of Federal Award		<u><u>\$1,325,487</u></u>



6548 Royalton Road, Suite 104
North Royalton, Ohio 44133
Phone (440) 877-9870
Fax (440) 877-9237
sconsiglio@salcpa.com

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

Board of Commissioners
Perry Metropolitan Housing Authority

I have audited the financial statements of the business-type activities of the Perry Metropolitan Housing Authority, Ohio, as of and for the year ended December 31, 2011, which collectively comprise the Perry Metropolitan Housing Authority basic financial statements and have issued my report thereon dated May 9, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

I noted certain matters that I have reported to management of Perry Metropolitan Housing Authority in a separate letter dated May 9, 2012.

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

Salvatore Consiglio, CPA, Inc.
May 9, 2012



6548 Royalton Road, Suite 104
North Royalton, Ohio 44133
Phone (440) 877-9870
Fax (440) 877-9237
sconsiglio@salcpa.com

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

Board of Commissioners
Perry Metropolitan Housing Authority

Compliance

I have audited the compliance of the Perry Metropolitan Housing Authority, Ohio, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2011. Perry Metropolitan Housing Authority, Ohio major federal programs are identified in the summary of auditor's result section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Perry Metropolitan Housing Authority, Ohio's management. My responsibility is to express an opinion on Perry Metropolitan Housing Authority, Ohio's compliance based on my audit.

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

In my opinion, Perry Metropolitan Housing Authority, Ohio, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2011.

Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. 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 type of compliance requirement of a federal program will not be prevented or detected and corrected, on a timely basis.

My consideration of internal control over compliance 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 compliance that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

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

Salvatore Consiglio, CPA, Inc.
May 9, 2012

Perry Metropolitan Housing Authority
 Schedule of Findings and Questioned Costs
 OMB Circular A-133 § .505
 December 31, 2011

1. SUMMARY OF AUDITOR'S RESULTS

Type of Financial Statement Opinion	Unqualified
Were there any significant deficiency reported as material weakness at the financial statement level (GAGAS)?	No
Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
Were there any significant deficiency reported for any major federal programs as material weakness?	No
Were there any other significant deficiency reported for the major federal programs?	No
Type of Major Programs' Compliance Opinion	Unqualified
Are there any reportable findings under § .510?	No
Major Programs (list):	CFDA # 14.871 Housing Choice Voucher
Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All Others
Low Risk Auditee?	Yes

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

There are no Findings or questioned costs for the year ended December 31, 2011.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There are no Findings or questioned costs for the year ended December 31, 2011.

Perry Metropolitan Housing Authority
Schedule of Prior Audit Findings
December 31, 2011

The audit report for the fiscal year ending December 31, 2010 contained no audit findings.

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Dave Yost • Auditor of State

PERRY METROPOLITAN HOUSING AUTHORITY

PERRY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
AUGUST 02, 2012