BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT

of the

PERRY METROPOLITAN HOUSING AUTHORITY

for the

Year Ended December 31, 2005

Auditor of State
Betty Montgomery

Board of Directors
Perry Metropolitan Housing Authority
26 Brown Circle Drive
Crooksville, Ohio 43731

We have reviewed the *Independent Auditors' Report* of the Perry Metropolitan Housing Authority, Perry County, prepared by Jones, Cochenour & Co., for the audit period January 1, 2005 through December 31, 2005. 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.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

September 25, 2006

88 E. Broad St. / P.O. Box 1140 / Columbus, OH 43216-1140
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us

This Page is Intentionally Left Blank.

PERRY METROPOLITAN HOUSING AUTHORITY
TABLE OF CONTENTS

This Page is Intentionally Left Blank.

Jones, Cochenour & Co.
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Perry Metropolitan Housing Authority
Crooksville, Ohio

Regional Inspector General of Audit
Department of Housing and Urban Development

We have audited the accompanying basic financial statements of Perry Metropolitan Housing Authority, as of and for the year ended December 31, 2005, as listed in the table of contents. These basic financial statements are the responsibility of the Perry Metropolitan Housing Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Perry Metropolitan Housing Authority, as of December 31, 2005, and the results of its operations and the cash flows of its proprietary funds activities for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 19, 2006 on our consideration of Perry Metropolitan Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Authority taken as a whole. The FDS schedules are presented for purposes of additional analysis and are not a required part of the financial statements of the Perry Metropolitan Housing Authority. The accompanying Schedule of Federal Awards Expenditures 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Jones, Cochenour & Co.

Jones, Cochenour & Co.
July 19, 2006

PERRY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2005
Unaudited

Housing Authority's ("the Authority") *Management 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)
(d) Identify the single enterprise fund issues or concerns.

Since the *M D & 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 follow.

FINANCIAL HIGHLIGHTS

- **Total revenues: FYE 12/31/05: $1,503,518**
  FYE 12/31/04: $1,611,463 Decrease of $107,945 (6.7%) in 2005

- **Total expenses: FYE 12/31/05: $1,631,953**
  FYE 12/31/04: $1,551,807 Increase of $80,146 (5.16%) in 2005

USING THIS ANNUAL REPORT

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

MD&A **~ Management Discussion and Analysis (new) ~**
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 new and clearly preferable focus is on the Authority as a single enterprise fund. This new 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.

BASIC FINANCIAL STATEMENTS

The basic financial statements, beginning on page 8 are designed to be corporate-like in that all business type programs are consolidated into one single enterprise fund for the Authority.

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

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

> **Net Assets, Invested in Capital Assets, Net of Related Debt: This component of Net Assets consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.**
>
> **Restricted Net Assets: This component of Net Assets consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.**
>
> **Unrestricted Net Assets: Consists of Net Assets that do not meet the definition of "Net Assets Invested in Capital Assets, Net of Related Debt", or "Restricted Net Assets". This account resembles the old operating reserves account.**

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

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

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

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

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 to enable the PHA to provide the housing at a rent that is based upon 30% of adjusted gross household income.

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

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

Other Business Activity – Tracking of the MR/DD activity.

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS
The following table reflects the condensed Statement of Net Assets compared to prior year.

TABLE 1
STATEMENT OF NET ASSETS

	2005	Restated 2004
Current and other assets	$ 795,342	$ 851,875
Capital assets	3,719,262	3,857,105
TOTAL ASSETS	4,514,604	4,708,980
Current liabilities	102,080	161,079
Long-term liabilities	102,213	109,156
TOTAL LIABILITIES	204,293	270,235
Net assets:		
Invested in capital assets, net of related debt	3,706,787	3,857,105
Unrestricted	603,524	581,641
TOTAL NET ASSETS	$ 4,310,311	$ 4,438,746

NOTE: For more detailed information, see the *Statement of Net Assets.*

Major factors affecting the *Statement of Net Assets:* Net Assets reflect the most significant change in comparing the two years largely due to *Capital Fund Programs* and depreciation of capital assets.

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

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

	2005	Restated 2004
REVENUES		
Tenant revenue - rents and other	$ 265,236	$ 250,374
Operating subsidies and grants	1,062,482	1,103,264
Capital grants	156,306	243,816
Investment income	8,733	9,928
Other revenues	10,761	4,081
TOTAL REVENUE	1,503,518	1,611,463
EXPENSES		
Administration	294,926	266,451
Tenant services	2,820	2,327
Utilities	103,083	99,197
PILOT	14,992	14,448
Maintenance	192,604	207,595
General expenses	47,647	34,139
Interest expense	796	-
Housing assistance payments	674,133	671,999
Depreciation	300,952	255,651
TOTAL EXPENSES	1,631,953	1,551,807
Net operating loss	(128,435)	59,656
Equity, beginning, restated	4,438,746	4,379,090
EQUITY, ENDING	$ 4,310,311	$ 4,438,746

Major factors affecting the *Statement of Revenue, Expenses, and Changes in Net Asset:* Comparisons between these years reflect a decrease due to less Capital funds expanded during the year and operating subsidies are less from HUD. The operating expenses are due to depreciation expense and utility costs. The MR/DD prior period adjustment is reflected as a change of $24,696 in the beginning equity balance for 2004.

CAPITAL ASSETS

As of year end, the Authority had $3,628,403 invested in a variety of capital assets as reflected in the following schedule which represents a net decrease (addition, deductions and depreciation) of $210,192 from the end of last year.

TABLE 3
CAPITAL ASSETS AT YEAR-END
(Net of Depreciation)

	2005	Restated 2004
Land and land rights	$ 254,335	$ 254,335
Buildings	6,076,464	5,955,804
Equipment - administrative	190,409	209,138
Equipment - dwellings	96,360	64,811
Accumulated depreciation	(4,617,421)	(4,339,623)
Leasehold improvements	1,719,115	1,712,640
	$ 3,719,262	$ 3,857,105

The following reconciliation summarizes the change in Capital Assets.

TABLE 4
CHANGE IN CAPITAL ASSETS

Beginning balance	$ 3,857,105
Additions	163,109
Depreciation expense	(300,952)
Ending Balance	$ 3,719,262

Additions relate to *Capital Fund Program* grant improvements in the amount of $156,309 and Public Housing additions of $6,800.

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- **Federal funding 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**

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 Carole Sowards, Executive Director of the Perry Metropolitan Housing Authority at (740) 982-3661.

PERRY METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET ASSETS
DECEMBER 31, 2005

ASSETS		
Cash and cash equivalents	$	529,372
Investments		128,000
Receivables - net of allowance		17,706
Mortgages receivables - current		4,225
Inventories - net of allowance		26,430
Prepaid expenses		11,322
TOTAL CURRENT ASSETS		717,055
NONCURRENT ASSETS		
Mortgages receivable		78,287
Land and construction in progress		254,335
Other capital assets - net		3,464,927
TOTAL NONCURRENT ASSETS		3,797,549
TOTAL ASSETS		4,514,604
LIABILITIES		
Accounts payable		13,481
Accounts payable - other government		17,037
Accrued wages and payroll taxes		10,728
Accrued compensated absences - current		25,655
Tenant security deposits		26,223
Deferred revenue		3,417
Notes payable - current		5,539
TOTAL CURRENT LIABILITIES		102,080
LONG TERM LIABILITIES		
FSS liability		3,739
Accrued compensated absences - noncurrent		9,026
Notes payable - long term		89,448
TOTAL LONG TERM LIABILITES		102,213
TOTAL LIABILITIES		204,293
NET ASSETS		
Invested in capital assets - net of related debt		3,706,787
Unrestricted net assets		603,524
TOTAL NET ASSETS	$	4,310,311

See accompanying notes to the basic financial statements

PERRY METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Year Ended December 31, 2005

OPERATING REVENUES		
Tenant revenue		$ 265,236
HUD operating grants		1,062,482
Other operating revenues		10,761
	TOTAL OPERATING REVENUES	1,338,479
OPERATING EXPENSES		
Administrative		294,926
Tenant services		2,820
Utilities		103,083
Maintenance		192,604
Depreciation		300,952
PILOT		14,992
Insurance		43,121
General		1,956
Bad debts		2,570
Housing assistance payments		674,133
	TOTAL OPERATING EXPENSES	1,631,157
	OPERATING LOSS	(292,678)
NON-OPERATING REVENUES (EXPENSES)		
Interest income		8,733
Interest expense		(796)
HUD CAPITAL GRANTS		156,306
	CHANGE IN NET ASSETS	(128,435)
Net Assets Beginning of Year		4,206,053
Prior period adjustments		232,693
Net Assets Beginning of Year - Restated		4,438,746
	NET ASSETS END OF YEAR	$ 4,310,311

See accompanying notes to the basic financial statements

PERRY METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
Year Ended December 31, 2005

CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from tenants	$	260,303
Cash received from HUD		1,222,616
Cash payments for housing assistance payments		(674,133)
Cash payments for administrative		(794,722)
Cash payments to HUD and other governments		(75,026)
NET CASH (USED) BY OPERATING ACTIVITIES		(60,962)
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES		
Capital grants received		156,306
Acquisition of capital assets		(163,106)
Note repayment		(6,203)
MRDD receipts on mortgages receivable		4,957
TOTAL FROM CAPITAL AND FINANCING ACTIVITIES		(8,046)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income		8,733
(DECREASE) IN CASH AND CASH EQUIVALENTS		(60,275)
CASH AND CASH EQUIVALENTS, BEGINNING, RESTATED		589,647
CASH AND CASH EQUIVALENTS, ENDING	$	529,372
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH (USED FOR) OPERATING ACTIVITIES		
Operating (loss)	$	(292,678)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation		300,952
(Increase) decrease in:		
Receivables - net of allowance		(3,830)
Inventories - net of allowance		(7,007)
Deferred charges and other assets		(1,974)
Increase (decrease) in:		
Accounts payable		(2,850)
Accrued wages and payroll taxes		(1,105)
Accrued compensated absences		2,854
Accounts payable - other government		(54,675)
Tenant security deposits		350
Deferred revenue		(334)
FSS liability		(665)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$	(60,962)

See accompanying notes to the basic financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 Authority also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or after November 30, 1989, to its business-type activities and to its proprietary fund provided they do not conflict with or contradict GASB pronouncements. The more significant of the Authority's accounting policies are described below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments.

Reporting Entity

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

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

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

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.

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

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

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) is able to significantly influence the programs or services performed or provided by the organization; or (2) is legally entitled to or can otherwise access the organization's resources; is legally obligated or has otherwise assumed the responsibility to finance deficits of or provide financial support to the organization; or is obligated for the debt of the organization. Component units may also include organizations that ate fiscally dependent on the Authority in that the Authority approves their budget, the issuance of their debt or the levying of their taxes. Based upon the application of theses criteria, the Authority has no component units.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

The Authority uses a single enterprise fund to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Enterprise fund reporting focuses on the determination of the change in net assets, financial position and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services.

Measurement Focus
The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the Authority are included on the statement of net assets. The statement of changes in net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Authority finances and meets the cash flow needs of its enterprise activity.

Enterprise Fund
The Authority uses the proprietary fund to report on its financial position and the results of its operations for the Section 8 and public housing 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.

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

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 to enable the PHA to provide the housing at a rent that is based upon 30% of adjusted gross household income.

Capital Fund Program (CFP) – This is the current primary funding source for the Authority's physical and management improvements. While the formula funding methodology used for the CGP was revised for the CFP, funds are still provided by formula allocation and based on the size and age of the units.

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

Other Business Activity – The Authority tracks the MR/DD activity in this account.

Accounting and Reporting for Nonexchange Transactions – Nonexchange 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 nonexchange transactions as follows:

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 a 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.

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, 2005, 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 2005 totaled $8,733.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Capital Assets

Fixed 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

Due From/To Other Programs

On the basic financial statements inter-program receivables and payables listed on the FDS are eliminated.

Accrued Liabilities

All payables and accrued liabilities are reported in the basic financial statements.

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 balances 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 either by internal or external restrictions.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Authority, these revenues are tenant revenues, operating grants from HUD and other miscellaneous revenue. Operating expenses are those expenses that are generated from the primary activity of the proprietary fund.

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.

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 liability.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Budgetary Accounting

The Authority annually prepares its budget as prescribed by the Department of Housing and Urban Development. This budget is submitted to the Department of Housing and Urban Development and once approved is adopted by the Board of the Housing Authority.

Estimates

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

Receivables – net of allowance

Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant receivable balances at the end of the year. The allowance for receivables was $22,789 at December 31, 2005.

Inventories

Inventories are stated at cost. The allowance for obsolete inventory was $3,000 at December 31, 2005.

2. CASH AND INVESTMENTS

Cash

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

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

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

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

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

At fiscal year end December 31, 2005, the carrying amount of the Authority's deposits totaled $529,372 and its bank balance was $536,966. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of December, 2005, $0 was exposed to custodial risk as discussed below, while $103,236 was covered by the Federal Depository Insurance Corporation and the remaining $433,730 was covered by specific collateral pledged by the financial institution in the name of the Authority.

2. CASH AND INVESTMENTS - CONTINUED

Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks or at member banks of the federal reserve system, in the name of the respective depository 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.

Investments

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

The Authority's investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category A includes investments that are insured or registered or for which the securities are held by the Authority or its agent in the Authority's name. Category B includes uninsured and unregistered investments for which the securities are held by the counterparty's Trust department or agent in the Authority's name. Category C includes uninsured and unregistered investments for which securities are held by the counterparty or its Trust department but not in the Authority's name. The Authority invested in certificates of deposit and the balance at December 31, 2005 was $128,000. The investments of the Authority are classified as Category A.

3. NOTE TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

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

4. RISK MANAGEMENT

The Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. There was no significant reduction in coverages and no settlements exceeded insurance coverage during the past three years.

5. CAPITAL ASSETS

The following is a summary of capital assets:

	Restated Balance 12/31/2004	Net Additions/ Deletions	Balance 12/31/2005
CAPITAL ASSETS, NOT BEING DEPRECIATED			
Land	$ 254,335	$ -	$ 254,335
CAPITAL ASSETS, BEING DEPRECIATED			
Buildings and Improvements	$ 7,668,444	$ 127,135	$ 7,795,579
Furniture and equipment	273,949	12,820	286,769
Totals at Historical Costs	7,942,393	139,955	8,082,348
Less: Accumulated Depreciation	(4,339,623)	$ (277,798)	(4,617,421)
TOTAL CAPITAL ASSETS, NET, BEING DEPRECIATED	$ 3,602,770	$ (137,843)	$ 3,464,927

The depreciation expense for the year then ended December 31, 2005 was $300,952.

6. DEFINED BENEFIT PENSION PLANS – PUBLIC EMPLOYEES RETIREMENT SYSTEM

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:

a. The Traditional Pension Plan (TP) – cost-sharing multiple-employer defined benefit pension plan.
b. The Member-Directed Plan (MD) – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year.) Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon.
c. The Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed plan.

OPERS provides basic retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Plan and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by statement statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtained by writing to the Public Employee Retirement system, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-7377.

The Ohio Revise Code provides statutory authority for member and employer contributions. For 2004, member and employer contribution rates were consistent across all three plans (TP, MD and CO). Plan members are required to contribute 8.5 percent of their annual covered payroll to fund pension obligations and the Authority was required to contribute 13.55 percent of covered payroll during 2004. The Authority's required contributions, for the periods ended December 31, 2005, 2004 and 2003 were $34,156, $32,397 and $31,067, respectively. All required payments of contributions have been made through December 31, 2005.

7. POSTEMPLOYMENT BENEFITS – PUBLIC EMPLOYEES RETIREMENT SYSTEM

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

OPERS provides retirement, disability, survivor and post retirement health care benefits to qualifying members of both the Traditional 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-retirement health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and qualified survivor 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. 12. A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care based on authority granted by the Ohio Revised Code. The 2005 employer contribution rate was 13.55 percent of covered payroll, and 4.00 percent was used to fund health care for the year.

The assumptions and calculations below were based on the System's latest actuarial review performed as of December 31, 2004.

An entry-age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of the unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually. The investment assumption rate for 2004 was 8.00 percent. An annual increase of 4.00%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.00% base increase, were assumed to range from 0.50% to 6.30%. Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1 percent to 6 percent for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase at 4.00 percent (the projected wage inflation rate).

OPEBs are advance-funded on an actuarially determined basis. At December 31, 2005, the number of active contributing participants in the Traditional and Combined Plans totaled 376,109. The number of active contributing participants for both plans used in the December 31, 2004, actuarial valuation was $355,287. The actuarial value of the Retirement System's net assets available for OPEB at December 31, 2004 were $10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used were, $29.5 billion and $18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Prevention Plan (HCPP) with an effective date of January 1, 2007. In addition to the HCPP, OPERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. As an additional component of the HCPP, member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service to retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the option selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

8. FDS SCHEDULE SUBMITTED TO HUD

For the fiscal year ended December 31, 2005, the Authority electronically submitted an unaudited version of the balance sheet, statement of revenues, expenses and changes in net asset and other data to HUD as required on the GAAP basis. The schedules are presented in the manner prescribed by Housing and Urban Development.

9. RESTATEMENT OF PRIOR YEAR FUND EQUITY

	Total	Invested in Capital Assets-Net of Debt	Unrestricted Net Assets
Net Assets, Beginning of Year	$ 4,206,053	$ 3,628,403	$ 577,650
MRDD other business activity	24,696	30,345	(5,649)
Correction of accumulated depreciation	198,357	198,357	-
HUD corrections on Section 8 year end reports	9,640	-	9,640
Prior year adjustments	232,693	228,702	3,991
Net Assets, Beginning of Year, Restated	$ 4,438,746	$ 3,857,105	$ 581,641

10. 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.

11. NOTES PAYABLE/ RECEIVABLE MRDD ACTIVITY

The following is the Notes Payable amortization schedule for the MRDD homes:

	2.00% North Valley Bank Mobile Home	4.99% North Valley Bank Somerset Rd.	6.13% People's National Bank Jackson St.	Total
2006	$ 2,439	$ 1,786	$ 1,314	$ 5,539
2007	1,235	1,546	1,397	4,178
2008	-	1,624	1,485	3,109
2009	-	1,707	1,579	3,286
2010	-	1,795	1,677	3,472
2011 & thereafter	-	70,379	5,024	75,403
	$ 3,674	$ 78,837	$ 12,476	$ 94,987
		LESS CURRENT PORTION		(5,539)
		LONG TERM DEBT		$ 89,448

The mobile home and Somerset Road are currently on land contract arrangements. The buyer pays the Authority the principal and interest and the Authority in turn pays the bank. The mortgage receivable for the two contracts is the same balance as the notes payable listed above with North Valley Bank. The interest expense on those two loans amounted to $4,149 for the year ended December 31, 2005. This was netted with interest income from the land contract buyers.

PERRY METROPOLITAN HOUSING AUTHORITY
BALANCE SHEET
FDS SCHEDULE SUBMITTED TO HUD
PROPRIETARY FUND TYPE
ENTERPRISE FUND
December 31, 2005

FDS Line Item No.	Account Description	14.850a Public & Indian Hsg	14.871 Section 8 Vouchers	Other Business Activity	14.872 Capital Fund	TOTAL
	ASSETS					
111	Cash - unrestricted	$ 196,061	$ 220,259	$ 2,346	$ -	$ 418,666
113	Cash - other restricted	-	4,529	-	-	4,529
114	Cash - tenant security deposits	26,223	-	-	-	26,223
115	Cash - restricted for payment current liabilities	65,573	14,381	-	-	79,954
100	TOTAL CASH	287,857	239,169	2,346	-	529,372
122	Accounts receivable - HUD other proj	-	675	-	1,583	2,258
125	A/R miscellaneous	158	-	2,725	-	2,883
126	A/R Tenants - dwelling rents	2,673	-	-	-	2,673
126.1	Allowance for doubtful accts	(250)	-	-	-	(250)
127	Mortgages receivable	-	-	4,225	-	4,225
128	Fraud recovery	-	32,681	-	-	32,681
128.1	Allowance for doubtful accts	-	(22,539)	-	-	(22,539)
120	TOTAL ACCOUNTS RECEIVABLE	2,581	10,817	6,950	1,583	21,931
131	Investments - unrestricted	128,000	-	-	-	128,000
142	Prepaid expenses and other assets	11,322	-	-	-	11,322
143	Inventories	29,430	-	-	-	29,430
143.1	Allowance for obsolete inventory	(3,000)	-	-	-	(3,000)
144	Interprogram due from	11,219	-	-	-	11,219
150	TOTAL CURRENT ASSETS	467,409	249,986	9,296	1,583	728,274
161	Land	250,335	-	4,000	-	254,335
162	Buildings	5,756,743	29,361	34,500	255,860	6,076,464
163	Furniture and equipment - dwellings	67,179	-	-	29,181	96,360
164	Furniture and equipment - admin	167,139	18,848	-	4,422	190,409
165	Leasehold improvements	1,712,640	-	-	6,475	1,719,115
166	Accumulated depreciation	(4,568,310)	(24,682)	(9,409)	(15,020)	(4,617,421)
160	TOTAL FIXED ASSETS, NET	3,385,726	23,527	29,091	280,918	3,719,262
171	Mortgages receivable	-	-	78,287	-	78,287
180	TOTAL NON-CURRENT ASSETS	3,385,726	23,527	107,378	280,918	3,797,549
190	TOTAL ASSETS	$ 3,853,135	$ 273,513	$ 116,674	$ 282,501	$ 4,525,823

See independent auditors' report

PERRY METROPOLITAN HOUSING AUTHORITY
BALANCE SHEET
FDS SCHEDULE SUBMITTED TO HUD
PROPRIETARY FUND TYPE
ENTERPRISE FUND
December 31, 2005

FDS Line Item No.	Account Description	14.850a Public & Indian Hsg	14.871 Section 8 Vouchers	Other Business Activity	14.872 Capital Fund	TOTAL
	LIABILITIES					
312	Accounts payable <=90 days	$ 13,481	$ -	$ -	$ -	$ 13,481
321	Accrued wages/payroll taxes	10,728	-	-	-	10,728
322	Accrued compensated absences	20,910	4,745	-	-	25,655
333	Accounts payable - other govt	17,037	-	-	-	17,037
341	Tenant security deposits	26,223	-	-	-	26,223
342	Deferred revenue	3,417	-	-	-	3,417
347	Interprogram due to	-	9,636	-	1,583	11,219
348	Loan liability - current	-	-	5,539	-	5,539
310	TOTAL CURRENT LIABILITIES	91,796	14,381	5,539	1,583	113,299
350	NONCURRENT LIABILITIES					
353	Noncurrent liabilities other	-	3,739	-	-	3,739
354	Noncurrent Comp Absences	6,880	2,146	-	-	9,026
355	Loan liability - noncurrent	-	-	89,448	-	89,448
	TOTAL LONGTERM LIABILITIES	6,880	5,885	89,448	-	102,213
300	TOTAL LIABILITIES	91,796	18,120	94,987	1,583	215,512
508	Total Contributed Capital	-	-	-	-	-
508.1	Investment in fixed assets- net of debt	3,385,726	23,527	16,616	280,918	3,706,787
512.1	Unrestricted net assets	368,733	229,720	5,071	-	603,524
513	TOTAL EQUITY	3,754,459	253,247	21,687	280,918	4,310,311
600	TOTAL LIABILITIES AND EQUITY	$ 3,846,255	$ 271,367	$ 116,674	$ 282,501	$ 4,525,823

See independent auditors' report

PERRY METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FDS SCHEDULE SUBMITTED TO HUD
PROPRIETARY FUND TYPE
ENTERPRISE FUND
YEAR ENDED December 31, 2005

FDS Line Item No.	Account Description	14.850a Public & Indian Hsg	14.871 Section 8 Vouchers	Other Business Activity	14.872 Capital Fund	TOTAL
	REVENUE					
703	Net tenant revenue	$ 252,242	$ -	$ 7,699	$ -	$ 259,941
704	Tenant revenue - other	5,295	-	-	-	5,295
705	TOTAL TENANT REVENUE	257,537	-	7,699	-	265,236
706	PHA HUD grants	240,366	777,773	-	44,343	1,062,482
706.1	Capital contributions	-	-	-	156,306	156,306
711	Investment income - unrestricted	5,367	3,359	7	-	8,733
714	Fraud recovery	-	10,761	-	-	10,761
	TOTAL REVENUE	503,270	791,893	7,706	200,649	1,503,518
	EXPENSES					
911	Administrative salaries	105,297	57,643	-	9,031	171,971
912	Auditing fees	2,537	2,841	-	-	5,378
914	Compensated absenses	2,579	274	-	-	2,853
915	Employee benefit contribution - admin	35,517	12,770	1,079	-	49,366
916	Other operating - administrative	34,686	22,520	-	8,152	65,358
924	Tenant services - other	2,820	-	-	-	2,820
931	Water	66,973	-	343	-	67,316
932	Electricity	34,066	-	-	-	34,066
933	Gas	1,285	50	366	-	1,701
941	Ord maintenance/op - labor	82,357	-	-	-	82,357
942	Ord maintenance/op - materials	29,913	130	2,298	27,160	59,501
943	Ord maintenance/op - cont costs	19,163	4,619	170	-	23,952
945	Emp benefit contrib - ord main	26,794	-	-	-	26,794

See independent auditors' report

PERRY METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FDS SCHEDULE SUBMITTED TO HUD
PROPRIETARY FUND TYPE
ENTERPRISE FUND
YEAR ENDED December 31, 2005

FDS Line Item No.	Account Description	14.850A Public & Indian Hsg	14.871 Section 8 Vouchers	Other Business Activity	14.872 Capital Fund	TOTAL
	EXPENSES - CONTINUED					
961	Insurance premiums	$ 35,973	$ 4,563	$ 2,585	$ -	$ 43,121
962	Other general expenses	-	133	1,823	-	1,956
963	Pilot	14,992	-	-	-	14,992
964	Bad debts - tenant rents	2,570	-	-	-	2,570
967	Inerest expense	-	-	796	-	796
969	TOTAL OPERATING EXPENSES	497,522	105,543	9,460	44,343	656,868
970	EXCESS OPERATING REVENUE OVER EXPENSES	5,748	686,350	(1,754)	156,306	846,650
973	Housing Assistance Payments	-	674,133	-	-	674,133
974	Depreciation expense	284,311	3,267	1,255	12,119	300,952
900	TOTAL EXPENSES	781,833	782,943	10,715	56,462	1,631,953
1000	EXCESS OF REVENUE OVER EXPENSES	(278,563)	8,950	(3,009)	144,187	(128,435)
1103	Beginning net assets	3,686,006	234,657	-	285,390	4,206,053
1104	Transfer of equity closed capital funds	148,659	-	-	(148,659)	-
1104	Correction of accum depreciation	198,357	-	-	-	198,357
1104	MRDD activity	-	-	24,696	-	24,696
1104	Y/E settlement adjustment by HUD for 2004	-	9,640	-	-	9,640
	ENDING NET ASSETS	$ 3,754,459	$ 253,247	$ 21,687	$ 280,918	$ 4,310,311

See independent auditors' report

PERRY METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
Year Ended December 31, 2005

	FEDERAL CFDA NUMBER	FUNDS EXPENDED
FROM U.S. DEPARTMENT OF HUD		
DIRECT PROGRAMS		
PHA Owned Housing:		
Public and Indian Housing	14.850a	$ 240,366
Public Housing Capital Fund	14.872	200,649
Housing Assistance Payments:		
Annual Contribution -		
Section 8 Housing Choice Vouchers	14.871	777,773
Total - All Programs		$ 1,218,788

See independent auditors' report

PERRY METROPOLITAN HOUSING AUTHORITY
COST CERTIFICATIONS

	OH16-P034-501-03	OH16-P034-502-03
Management improvements	$ 5,440	$ -
Administration	6,495	-
Fees and costs	15,099	-
Site improvement	-	34,766
Dwelling structures	4,202	-
Nondwelling structure	137,550	-
Nondwelling equipment	3,658	-
TOTAL EXPENDED	$ 172,444	$ 34,766
TOTAL RECEIVED	$ 172,444	$ 34,766

1. The HUD Form 52839 was submitted and signed by the Authority on June 23, 2005 for 501-3 and July 8, 2005 for 502-03.

2. There are no outstanding liabilities.

3. The expenditures and receipts agree to the Authority's records.

See independent auditors' report

Jones, Cochenour & Co.
Certified Public Accountants

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

Board of Directors
Perry Metropolitan Housing Authority
Crooksville, Ohio

Regional Inspector General of Audit
Department of Housing and Urban Development

We have audited the financial statements of Perry Metropolitan Housing Authority as of and for the year ended December 31, 2005, and have issued our report thereon dated July 19, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Perry Metropolitan Housing Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. We noted one matter that we have reported in a separate letter dated July 19, 2006.

Compliance and Other Matters

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

This report is intended solely for the information and use of management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Jones, Cochenour & Co.

Jones, Cochenour & Co.
July 19, 2006

125 West Mulberry Street · Lancaster, Ohio 43130 · (740) 653-9581 · Columbus: (614) 837-2921 · Fax: (740) 653-0983
4876 Cemetery Road · Hilliard, Ohio 43026 · (614) 876-6993 · Fax: (614) 876-6899

Jones, Cochenour & Co.
Certified Public Accountants

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

Board of Directors
Perry Metropolitan Housing Authority
Crooksville, Ohio

Regional Inspector General of Audit
Department of Housing and Urban Development

Compliance

We have audited the compliance of Perry Metropolitan Housing Authority with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133* that are applicable to each of its major federal programs for the year ended December 31, 2005. Perry Metropolitan Housing Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Perry Metropolitan Housing Authority's management. Our responsibility is to express an opinion on Perry Metropolitan Housing Authority's compliance based on our audit.

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

In our opinion, Perry Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005.

Internal Control Over Compliance

The management of Perry Metropolitan Housing Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Perry Metropolitan Housing Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Jones, Cochenour & Co.
July 19, 2006

Perry Metropolitan Housing Authority
Summary of Auditors' Results and Schedule of Findings
OMB Circular A-133 § .505
Year Ended December 31, 2005

1. SUMMARY OF AUDITORS' RESULTS

Type of Financial Statement Opinion	**Unqualified**
Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	**No**
Were there any other reportable control weakness conditions 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 material internal control weakness conditions reported for major federal programs?	**No**
Were there any other reportable internal control weakness conditions reported for major federal programs?	**No**
Type of Major Programs' Compliance Opinion	**Unqualified**
Are there any reportable findings under § .510?	**No**
Major Programs (list):	**14.871** **Section 8 Housing Choice Vouchers**
Dollar Threshold: Type A/B Programs	**$300,000**
Low Risk Auditee?	**Yes**

2. FINDINGS RELATED TO FINANCIAL STATEMENTS

There are no findings or questioned costs for the year ended December 31, 2005.

3. FINDINGS RELATED TO FEDERAL AWARDS

There are no findings or questioned costs for the year ended December 31, 2005.

Auditor of State
Betty Montgomery

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

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
OCTOBER 10, 2006